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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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**OPEC Fund Reportedly Ready To Deposit Assets in Iranian Banks**

44000090 *Dubayy KHALEEJ TIMES in English*  
17 Oct 88 p 11

[Text] Nicosia—The director general of the Opec Fund for International Development, Y. Seyyed 'Abdollah, has said the Fund is willing to deposit part of its cash assets in Iranian banks, the Iranian news agency Irna reported.

Irna quoted Mr 'Abdollah on Saturday as saying during talks with Iranian Economy and Finance Minister Mohammad Javad Iravani in Teheran that the Fund sought Iran's help "so that it can enhance loans to deprived countries."

During the talks, Mr 'Abdollah urged Fund members to "cooperate to solve the problems arising from the failure of some countries to honour" their commitment to the Fund.

The 13-member countries of Opec are members of the Fund.

Mr Iravani said that financial help to the Fund was linked to the price of crude oil. Low prices, he said, meant less financial help, Irna reported.

He added that Iran needed "major financial resources to implement its reconstruction programmes."

**Saudi Firm To Participate in Pakistani Power Project**

44000088 *Jeddah ARAB NEWS in English*  
12 Oct 88 p 2

[Article by Latafat Ali Siddiqui, ARAB NEWS Staff]

[Text] Jeddah, 11 Oct—Islamabad has given its go-ahead to a leading Saudi firm to have a joint venture in Pakistan for about \$1 billion power generating project in the industrial city of Karachi.

This was disclosed by the Pakistani commercial counselor, M. S. I. Ghauri, in an interview. He said the project aims at setting up a 1,200-megawatt oil-fired power station which, when established, will sell power to Pakistan's public sector organization—WAPDA (Water and Power Development Authority).

Ghauri said the project has recently been "cleared" by Pakistan Government and letter of intent issued to Xenel Group of Companies. He said the Xenel power plant will boost industrial growth in Karachi and adjoining areas.

After completing his tenure, Ghauri is returning shortly to Islamabad where he is expected to assume charge of a joint secretary to the government of Pakistan.

During his four and a half years' stay in the Kingdom, Ghauri helped in increasing his country's export to Saudi Arabia to a record level of 4.5 billion rupees (\$260 million). Pakistan, he added, is one of the leading trading partners of the Kingdom and hoped the trade between the two brotherly countries will further grow.

Ghauri, who founded Pakistan's Business Executives' Forum here to promote trade and investment between Pakistan and Saudi Arabia, said that during the past 4 years, licenses worth over 71 million rupees (about SR14 million) were issued to Pakistanis living in the Kingdom to import machinery for setting up industrial units in their country.

He said another Saudi firm—al-Ra'i Group—has made huge investments in hotel and textile industries in Pakistan. Moreover, it recently purchased the Karachi-based Pakistan Cable Company.

Al-Ra'i, owner of the biggest gold jewelry factory in the Muslim world, is also establishing a textile mill in Jeddah for massive yarn production. Al-Ra'i will import manpower and raw cotton from Pakistan for the Jeddah venture, Ghauri said.

He said Dahlavi & Company is also intending to establish joint ventures in Pakistan and Usman Dahlavi recently visited Islamabad where he held negotiations with high government officials and industrialists.

## REGIONAL

### Coordinator on Lebanon Assesses SLA, Situation in South

44230011 Tel Aviv BAMAHAHE in Hebrew  
5 Oct 88 pp 8-9

Interview with Uri Lubrani, coordinator of government operations in Lebanon; by Yo'av Limud; place and date not given

[Text] "The IDF is leaving as many places as possible," states coordinator of government operations in Lebanon Uri Lubrani. "To be in a place unnecessarily only entails unnecessary exposure, risk, and costs. The elections in Lebanon could influence the situation in south Lebanon if, for example, the person elected president were completely subordinate to Syria and were to join with other forces to fight Israel."

[BAMAHAHE] How does the inability to elect a president in Lebanon influence the situation in the security strip?

[Lubrani] It is difficult for me to respond definitively, because what happens in south Lebanon is not necessarily connected directly to what happens in Beirut or to the Lebanese elections. There could be an influence if, for example, the person elected president were completely subordinate to Syria; since the president is also in charge of the Lebanese Army, he could create a situation in which the army would join with other forces to fight Israel. This has never happened, but it might happen.

[BAMAHAHE] Following the fighting between Amal and Hizballah, there was a movement of residents toward the south, to the quieter security strip. Have some joined the SLA as you expected?

[Lubrani] Compared to the past, there is currently a greater Shi'ite willingness to join the SLA. While not dramatic, it is a new and continuing phenomenon. The Shi'ites are also concerned that members of their own community protect their personal security. This is so not only because Christian soldiers enter their homes and pinch their little girls, but also because they feel more "at home" with their own people, and this is natural. These problems have their own dynamic, and this is a very natural development born of a feeling of permanency. In other words, if initially they thought that our deployment in south Lebanon was temporary, they have come to realize in time that conditions have not changed, and that Israel does not intend to change its deployment. Thus, the perception has changed regarding service in the SLA, or work in Israel.

[BAMAHAHE] How many residents moved to the security strip at the time of the fighting?

[Lubrani] Several thousand I think. We viewed it as a natural development, and we opened the gates for them. We checked those who wished to enter at the checkpoints. Most of them came from the south originally, and are returning home.

[BAMAHAHE] Meanwhile, our slow withdrawal from the security strip, and the transfer of posts to the SLA continues.

[Lubrani] That is correct. We are leaving as many places as possible. To be in a place unnecessarily only entails unnecessary exposure, risks, and costs. By leaving these places, we are also giving the population the sense that we are not holding onto any place for which they can take responsibility.

[BAMAHAHE] Is the SLA currently able to take over all the posts in the strip? Can the IDF leave, and stay on the border exclusively?

[Lubrani] No, the SLA is not set up for that, and without the automatic backing of the IDF, it cannot hold its ground. We are not able to provide the SLA with what we provide to the IDF. Therefore, we must operate within one dynamic system, in which the trend is greater SLA involvement, and less IDF involvement over time.

[BAMAHAHE] During the last 6 months, there were a number of operations initiated by the IDF and the SLA beyond the security strip. To what extent does this deter terrorists?

[Lubrani] We cannot avoid the use of this method of deterrence. It is difficult to know to what extent it deters, because one only knows what happened, and not what did not happen. In my opinion, we spared ourselves being pounded by Hizballah to a significant degree, by initiating actions against them. For their part, they wish to undermine the presence of the IDF and the SLA in the security strip. We are doing exactly the same thing to them on their own turf. For example, we do not dispatch the air force to bomb deep in Lebanon to announce our existence, but to attempt to deter and disrupt processes.

[BAMAHAHE] Following the end of the Iran-Iraq war, will we be faced with more Iranian support for Hizballah and their activities against Israel?

[Lubrani] There are two opinions on the subject. One is that Iran is no longer prepared or inclined to pay the price for having influence in Lebanon because it has decided to concentrate on economic, social, physical, and political reconstruction. The second opinion is that Iran feels obliged to preserve its capability and power in Lebanon—and will invest everything to this end—precisely on account of the current situation. The Iranians spend between 60 to 100 million dollars, a significant amount by all accounts. If I were to attempt to place myself in pragmatic Iranian shoes, I would place more

importance on investing this money in self-rehabilitation instead of casting it into the water. It appears, to me at least, that this is what will happen.

## PALESTINIAN AFFAIRS

**'Arafat Approaches Israeli Leftists In Algiers**  
44000110 Tel Aviv MA'ARIV in Hebrew 18 Nov 88 p 1

[Text] In the corridors of the "Palace of Nations" in Algiers Hebrew was heard coming from the mouths of "spectators" who were guests of the Palestine Liberation Organization at the council session. According to reports coming from Algiers the presence of Israeli and Jewish leftists was quite conspicuous.

They drew the attention of other guests and foreign observers. Some of them even had the privilege of conversing with heads of known anti-Jewish factions such as the head of the Palestine Liberation Front, Abu al-'Abbas, hijacker of the Italian ship Achille Lauro, and the head of the [Popular] Struggle Front, Samir Ghawshah, who troubles the northern border with his terrorist attacks.

The news agency of the terrorists, WAFA, reported that during one of the intermissions Yasir 'Arafat approached some of the Israelis and Jews and in high spirits said to them: "Perhaps you can find me a Jewish minister for the provisional government that I intend to establish? It doesn't matter if he carries an Israeli identity card...."

## EGYPT

**Import Regulations Loosened for Government Cooperatives**  
45040039A Cairo AL-AKHBAR in Arabic 20 Sep 88 p 6

[Article by Faraj Abu-al-'Izz: "Permission for Cooperative Associations To Import for the Purpose of Business, Importation of Automobiles for Workers' Associations in Public and Private Sectors"]

[Text] The proposed unified import-export regulation introduces a number of easements for importers and exporters. These include permission for production cooperatives to import for the purpose of business, permission for private-sector factories to import the raw materials they need, and permission for the importation of automobiles for use by private-sector and foreign companies, transportation offices, contractors, undertakers, and private- or public-sector worker transport organizations. Exports to countries enjoying agreements will be encouraged. The private sector will be permitted to export cotton thread and medicines to countries with free currencies. This was announced by an economic official.

He said that the importation of machines and new equipment for industrial activity would be allowed, provided that they are brought in for private use for

replacement or renovation. This may be done without the approval of the Industrialization Organization. The importation of raw materials and intermediate commodities necessary for carrying out experiments for the initiation of production and operation of production units or new expansion will be permitted.

### Housing Equipment

The regulation also includes immediate customs clearance for housing, construction, and contracting equipment, provided that a certificate of appropriate use is presented from the companies undertaking the renovation.

Housing construction equipment should fall within the requisite types and quantities defined by the Housing Ministry, in case [the ministry] does not itself make arrangements for it. Permission will also be given for immediate clearance of automobiles, machines, and equipment owned by public-sector companies and private-sector contractors and previously used in their overseas projects.

As regards advertising materials and samples, the regulation includes permission for scientific bureaus to import scientific pamphlets and brochures dealing with the production of the companies they represent. These bureaus may not import on a commercial basis. Samples under a limit of 10,000 [Egyptian] pounds will be allowed to enter for commercial agents and importers and may be consumer goods.

### General Rules

The source added that in the case of the public sector the new regulation allows temporary clearance of arriving consignments only after approval of the purchasing committee is presented to customs. For the private sector, a deposit in trust must be made equalling the value of the consignment, or an unconditional letter of guarantee made out to the Ministry of Economy for a term of 3 months, to insure that this system is not abused.

**Socialist Labor Party's Shukri Interviewed**  
PM29N113888 Cairo AL-SHA'B in Arabic  
22 Nov 88 p 2

[Interview with Egyptian Opposition and Socialist Labor Party leader Ibrahim Shukri by 'Imad Mahjub; place and date not given]

[Excerpts] [AL-SHA'B] Assuming good intentions, the people ruling our country are acting like a patient who refuses to take his medicine despite his very bad condition. You are trying to give him the remedy, namely to rule according to God's justice, and to establish logical foundations for political and democratic practice in Egypt's institutions, even if NDP rule continues for 100 years, because it is the people's will. But if the rulers

persist in undermining everything of democratic significance, restricting the parties, and infiltrating their ranks both inside and outside, all this inspires hopelessness.

[Shukri] I agree with the diagnosis, but not with the remedy. This is because the people are actually aware of everything. They understand what the opposition says. They rally around the opposition during elections (despite repeated riggings). But they have never lost hope. The people adhered to the opposition's decisions when it boycotted the elections, as happened in the Consultative Council and local elections. However, we can affirm that what the ruling party is doing inspires frustration; but the opposition must organize its ranks with the people and then coordinate its activities in order to focus on some basic terms and guarantees to reform political life. Such coordination must be maintained both inside and outside the People's Assembly. It must not be interrupted. It should continue and develop according to conditions. [passage omitted]

[AL-SHA'B] Has the opposition lost all chance of creating a balance between it and the ruling party?

[Shukri] No. The opportunity still exists, but such a balance has been delayed for no reason. Long ago I began intensive efforts to bring opposition groups closer. We held a series of meetings and talks and managed to boycott the local elections, especially after the law governing them was tampered with in the People's Assembly. [passage omitted]

[AL-SHA'B] There is a question being raised: What benefit would the ruling party gain from tampering with the results of the elections to choose a People's Assembly speaker when this is something guaranteed to it? What is the opposition's stance with regard to that tampering?

[Shukri] First, I would say that the NDP certainly had an objective in doing that, namely to split the opposition ranks, which we have begun to rally together. Government papers said that the People's Assembly speaker and the two secretaries obtained votes from the opposition—which was aimed at causing confusion and division within the opposition ranks. [passage omitted].

I am well aware of what they are plotting against us. But such methods will not prevent us from continuing coordination among opposition groups. [passage omitted]

[AL-SHA'B] The previous parliamentary session witnessed deliberate restriction of the Islamic alliance's activities and ideas in the People's Assembly. This is expected to continue. Therefore, what will you do?

[Shukri] The parliamentary committee has held several meetings and discussed its working plans. It has taken into consideration the fact that the People's Assembly speaker is maintaining his stance. In a spirit of good will, we urged Dr al-Mahjub to fulfill his promises and grant full opportunity for the expression of all views and ideas

in the assembly so that they can play their part without hindrance. Be that as it may, nobody can any longer obstruct a discussion of the Islamic Shari'ah, since it has long been the people's true hope and first option. [passage omitted]

#### **Armed Forces Chief of Staff on Preparedness, Military Relations**

*45040040a Cairo AKHBAR AL-YAWM in Arabic  
8 Oct 88 p 3*

[Interview with Lieutenant General Safi-al-Din Abu-Shinaf, Armed Forces chief of staff, by Faruq al-Shadhili: "Yesterday's Lessons a Basis for Our Action Today and Tomorrow"—date and place not given]

[Excerpts] [Passage omitted] [AKHBAR AL-YAWN] Night training has assumed central importance in the current training year of our Armed Forces. Does this mean that there has been a change in tactics?

[Abu-Shinaf] Training in the Armed Forces is a planned, exact operation. Its implementation is followed up resolutely and is continually evaluated to reach the highest levels of combat readiness. The basic function of training is for us to be ready the moment it becomes necessary if there are foreseen or unforeseen military actions against us. The training plan must therefore include operations on land, sea, and air; daylight and nighttime exercises; and announced and surprise exercises. No one can deny that nighttime military operations are one of the main areas for which good preparation and strenuous training are needed. They are a stage of difficult and complex military activity. It is not that we choose night with its darkness in which to train.

The appropriate technology for nighttime military activity must be available at the level of the soldier and of the equipment—artillery, tanks, armored vehicles, rockets, naval vessels, or airplanes. There must be good means of night combat communication and contact, as well as ammunition of various kinds and capabilities. A feel for night operations must be created—a feel for the nature of the terrain and for the method of movement or of countering any movement. This complexity leads us to constant concentration on raising our level of training for night combat. World figures indicate that the proportion of night operations to day operations is continually increasing. This is one of the lessons from the many wars in the Middle East.

#### **Land Returned With Peace**

[AKHBAR AL-YAWN] You took part in battles. What was your role? You led the military committee in following up the Israeli withdrawal from Sinai, and you had a role in following up the Taba border problem. What do you think about the decision for its return? What is to be expected concerning it?

[Abu-Shinaf] My experience as a fighter participating in the 1973 war as a brigade commander and then with the responsibility for leading the military committee supervising the withdrawal from Sinai has created in me the complete conviction of the importance of integration between military and diplomatic activity to achieve national interests and goals, and that the moment will come when the guns stop shooting and talks and negotiations begin. But there must always be capable and ready military power to support the negotiator.

As for the subject of Taba, it was raised at the end of the stages of withdrawal. President Mubarak's decision at that time was clear from the beginning: Taba was a national issue; retaining Egyptian sovereignty over it was equal to retaining our sovereignty over Cairo.

Now that Taba has returned and we have achieved one of the highest goals of the October war, we have proved to the entire world that a commitment to peace did not prevent the recovery of Egyptian land occupied in 1967 and for which the October war took place.

I think it is in Israel's interest to respect the arbitration decision to return Taba, so as to strengthen the bases for settlements of disputes in the region.

#### Yugoslavia Talks

[AKHBAR AL-YAWN] What about the Yugoslavia talks in which you recently participated? Are they a step toward a return to obtaining arms from the East? Indeed, there are rumored to be contacts with the Soviet Union about the revival of military relations.

[Abu-Shinaf] My recent visit to Yugoslavia was a working visit. It aimed first of all at strengthening old and deep links of friendship between the armed forces of the two countries. It worked to promote the sincere and continued military support and cooperation that have not ceased since the sixties. The visit was also to discuss joint arms programs whose implementation is under way between us. I saw some Yugoslavian military industries first hand and discussed possible joint production of certain kinds of weapons, ammunition, equipment, and spare parts for East-block weapons.

As for a return to obtaining arms from the East, we will not retreat from the policy of diversifying arms sources and developing the national military production that was instituted based on experience gained in the 1973 war and lessons learned in this area.

#### Joint Exercises

[AKHBAR AL-YAWN] Do joint exercises with Arab and foreign countries have a place in your plans for armed forces training in the coming period?

[Abu-Shinaf] [passage omitted] We in Egypt are convinced that joint training is a window through which we can look at the most modern achievements of military

science in the area of training area. These are the kind of real, practical exercises which reflect the nature of a battle by imagining two sides, each of which employs the newest achievements of military science in trying to overcome the other side. We welcome the implementation of such training with any friendly country—European, Arab, or African—so long as the goal is the same.

[AKHBAR AL-YAWN] Does Egyptian military production have the ability to realize Egypt's national security and that of the Arab nation?

[Abu-Shinaf] Egyptian military production has well defined aims and is proceeding according to a definite timetable that responds to our needs and accords with the nature of the terrain, climate, and the individual who makes use of that production. The production therefore fills the needs of the armed forces in Egypt, as well as the needs of a number of Arab and African countries if they desire it.

We possess developed factories, work cadres, and scientists who have obtained scientific degrees in the East and West. In other words, all the elements are available for Egyptian national security.

Military production is subject to the thinking of the user—the armed forces. It is restricted to the production that we chose, based on our defense priorities. We produce weapons and long-life equipment suited for our operations theatre. We cannot do without modern technology to round out our production of the weapons and equipment we desire.

#### Al-Gharbiyah Governorate Arrests, Releases 20 Youths

45000049b Cairo AL-NUR in Arabic 21 Oct 88 p 1

[Text] Last week the State Security Police in al-Gharbiyah carried out an arrest campaign against Muslim youths during which 20 were arrested.

Five truckloads of the district security police, heavily armed with machine guns, participated in the arrest campaign. The arrest campaign was accompanied by intimidation of the families of those arrested.

The arrested youths were released after Muhammad al-Shitani, a member of the People's Assembly in al-Gharbiyah, intervened.

#### Defense Minister Watches Missile-Firing Demonstration, Comments

45040040b Cairo AL-AKHBAR in Arabic 9 Oct 88 p 5

[Article by Faruq al-Shadhli: "Field Marshal Abu-Ghazalah Watches Air-Defense Missile-Firing Demonstration; 10 [Kinds of] Eastern, Western, and Egyptian Missiles Fired"]



[Excerpts] Field Marshal Muhammad 'Abd-al-Halim Abu-Ghazalah, deputy prime minister and minister of defense and military production, announced that Egypt now possesses the most modern air defense systems in the world. [passage omitted]

In his remarks after the firing ended, the field marshal said many improvements had been made in these weapons. The SAM-2's have been modified, the Chaparrals have been thoroughly modified, and the Hawk missiles have been improved. Whenever Egypt obtains a weapon, maintenance shops for it to the fourth level also come, and technicians are trained for it in all workshops down to the level of small units and central workshops. Maintenance and overhaul of the American Hawk and Chaparral missiles, which are among the most modern air defense missiles in the world, presents no problem.

In the course of his remarks, the field marshal added that we have made excellent progress in the automatic guidance and control system, which will be 100 percent complete within a short time. "I confirm that its first stages are now in service and that it is currently present in the air defense system. Its completion, however, requires time. Early warning planes are now being used." The field marshal said that what we now have are the most modern kinds of air defense systems in the world. Initially, air defense installations are meant for operation for years to come; the life of a missile is 20 or 25 years, taking into consideration the technological progress in airplanes. If unforeseen circumstances occur during this period as regards the development of air forces, advancement is possible to keep up with every development in air forces.

#### The Sinai-23

The field marshal said that we have begun to produce the Sinai-23 air defense system, but that 6 months are needed for it to enter into service and reach formations and units. It is a recognized system as regards all types of air defense systems. After the preliminary tests are successful, one, two, or three units can be obtained and assigned to formations. Thus, training on them will proceed as well as training in maintenance and repair operations. When production in quantity begins, there will be cadres able to deal with the weapon, use it, and maintain it. Spare parts for it will be available, since spare part consumption rates always depend on the method of use. An air force unit is now receiving training in combat use [of the system], so that our combat capability can be evaluated. The field marshal concluded his remarks by saying that facilities and capabilities are present for military production in Egypt. This will result in great savings for us. [passage omitted]

#### Six Firing Stages

The demonstration included six firing stages; during which 23-mm double antiaircraft guns, Hawkeye missiles, and the Egyptian version of SAM-7 missiles were

used; along with Egyptian improved and modified SAM-2's, SAM-3's, and SAM-6's; American Hawks and Chaparrals; and French Crotale missiles (the latter also Egyptian improved to suit the theatre of operations). In addition, there was the Egyptian Amon missile system which combines gun, missile, and radar in one system. Air Force personnel successfully achieved first-shot hits of the target, even though the targets at which they were firing had a size ratio of 1:80 to the fighter aircraft that would be the target in battle.

#### Speech by Air Force Commander

Before the firing began, Lieutenant General Mustafa al-Shadhili, commander of the Air Force, delivered a speech. He said that the firing demonstration included antiaircraft guns and ground-to-air missiles to which essential modifications had been added. [The purpose of the demonstration was] to obtain knowledge about the technical efficiency of some new types [of weapons] that had been recently added to the Air Force, confront the most modern developments in air defense methods, and show how far the Air Force had come on the 15th anniversary of the October victories in terms of advanced training and high efficiency equipment. It was intended to present Egyptian expertise in developing [weapons] to confront the great development in modern, highly maneuverable airplanes capable of flying at different altitudes. It was especially intended to show the modification that had been made to give the American Hawk system and the joint Amon system precision in detecting, tracking, and destroying normal targets. It had been possible to add a Track Star radar station to the Chaparral system—a major development that had greatly improved the capability of these missiles. In its present form, the Chaparral system can be considered the first world-class system to enter service. Both the 23-mm double gun, whose excellent ability to deal with air and ground targets was seen by everyone, and the Hawkeye missiles are manufactured in Egyptian factories by purely Egyptian labor.

The demonstration also included SAM-2, 3, and 6 missiles and Crotale missiles that had undergone many essential modifications. [passage omitted]

#### Arab Research Institute President Discusses Wheat Problem

45040045A Cairo ROSE AL-YUSUF in Arabic  
17 Oct 88 pp 24-25

[Article by Jihan al-Mughrabi: "The Wheat Dilemma: World Prices Aflame. Our Imports Went Up 1.4 Million Tons"]

[Text] A mere month after the state's general budget was ratified last July, the minister of finance received an unexpected request to find additional appropriations in the amount of 1.8 billion Egyptian pounds to meet higher world prices for only three commodities: wheat, corn, and cooking oil.

The price for a ton of wheat went up from \$110 to \$149. Not only that, this price is expected to go up next year to about \$250 a ton as a result of the drought and no rainfall in America. It is enough to know that we will import 6.4 million tons of wheat!

As for corn, the price has gone up from \$84 to \$132 a ton and cooking oil has risen from \$458 to \$790 a ton, a formidable one-time jump of \$300 per ton. Add to that higher prices for other food commodities which we import from the outside.

#### **Deteriorating Situation**

For a clearer picture, it is enough for us to know that America alone contributes 90 percent of the exported food crops or those offered on the world market. At present, the world is almost totally dependent on the North American Continent to meet its deficit of food grains used for feeding the people in poor countries or for beef in advanced countries such as Japan and Europe.

This price is expected to continue to rise until the climate settles down and until America re-establishes the level of world reserves. This will take several years under stable weather conditions.

Dr Safi-al-Din Abu-al-'Izz, president of the Arab Research Institute, points out that the midwestern region of the United States is truly the "main breadbasket of the world," and any drop in American production will lead to the inability of poor countries to tackle their hunger problems due to the major hike in grain prices and the inability of some countries to pay the price, thus making them vulnerable to the threat of famine.

Hence, the importance and seriousness of the food weapon at the world level is manifestly clear as is the ability of rich countries to use it against poor ones. World population rates indicate that the globe is becoming alarmingly vulnerable to a severe food crisis caused by insufficient food production in the face of the increasing billions in coming eras. The world's population has increased from 2 billion in the thirties to 4 billion in the seventies and is expected to be between 6.5 and 8 billion by the year 2000. Hence, the poor will grow poorer and the rich richer, and the gap between developing countries and the advanced countries that own the food and other basic commodities will grow wider. The final report of the world food conference held at the end of 1977 pointed out that between 20 and 25 percent of the population of Asia and Africa suffer from malnutrition to the point of being on the verge of famine. The food situation is not expected to improve, which means that the need for food will far exceed the economic ability to purchase it.

At a time when the crisis is reaching alarming proportions at the world level, the population in Egypt is increasing alarmingly by the hour. The result is that

while we used to import 5 million tons of wheat a year until recently and were dreaming of bringing this number down through higher wheat production, we imported 6.4 million tons last year and no one knows how much we will have to import in the coming years to feed the tremendous number of people! The question is whether we will actually be able to purchase wheat at the astronomical prices which America and the advanced wheat-producing countries will submit.

Dr Safi-al-Din wonders whether we will have a place in the long line of countries wishing to obtain wheat from America, and whether America will give preference to the rich advanced countries or to the poor developing ones!

All these questions compel us to contemplate our population reality and to sense the kind of a jam we have put ourselves in all by ourselves.

#### **Critical Situation!**

Dr Safi-al-Din adds: We lose thousands of agricultural feddans a year to denudation, the large number of restraining laws notwithstanding, and also to the urban sprawl onto agricultural land. All this places us in a predicament that must be heeded, especially since the size of the area under cultivation in Egypt has not grown, if it has not indeed shrunk, despite the many land reclamation projects. Indeed, fertile land has been exposed to erosion and loss because of man.

The solution centers around the need to tackle the issue of providing the people with their basic food needs, conserving every inch of agricultural land and adopting agricultural reclamation methods that have been proven successful in some developing countries. This is the only solution, especially since world weather conditions have become unsettled in recent years and the climate has been experiencing radical shifts from severe drought to torrential rain and flooding, in both cases destroying the food supply in various parts of the world and exposing many countries to the threat of famine.

Perhaps the most serious consequence of a changing world climate is that many of the grain-surplus countries have turned into importing countries, such as Canada and Australia, and a number of great powers have gone into the field of competition in food acquisition at a time when the prices for food grains have skyrocketed. Among these countries are the USSR, China, Japan, and the EEC. It is not inconceivable that these countries will resort to force to obtain their food requirements in the future.

#### **Economic Colonialism Termed Cause of Third World Instability**

45040039b Cairo AL-AKHBAR in Arabic 10 Oct 88 p 7

[Column by Ahmad Zayn: "No Problems"]

[Text] International strategy has altered in regard to colonialism. Backward countries used to be colonized by powerful, rich countries that took their bounty and gave

them the crumbs. Now the strategy has changed. It is no longer military colonialism; it has become economic colonialism. The rich countries take the bounty of small countries and give them debts.

In this way there have come to exist in the world very rich countries and very poor countries, and nothing in the middle. This is leading the world to disaster.

It seems that the new strategy of the wealthy countries is to take the poor countries' resources in exchange for unusable and outdated weapons of no value to the advanced countries.

So if you look at all the little wars that now fill the world, you should realize that behind every little war stand the great powers. They are the ones who made the problem, stirred up the dispute, and ignited the war, so that the wealth of these small countries might continue to go to the great powers—just as it did in the time of military colonialism.

Whenever colonialism ended in a small country, it took care to leave problems between that country and its neighbors—border problems, or economic ones—things that would insure the occurrence of disturbances and wars.

The big countries also saw to it that there would be continual upheavals in the small countries' systems of government so that these countries would not pay attention to developing their resources and improving their economies. Instead, they would be in a state of perpetual instability between one upheaval and the next.

The Arab region was one in which the great powers concentrated on creating problems and disturbances. What is happening between Israel and the Arabs has not happened by accident. It is the result of a calculated plan. The 8-year war between Iraq and Iran also did not take place by accident; it was carefully arranged.

The important thing is that there should be no stability in all the regions in which there are small countries that might live together in peace and cooperate to develop their resources. Whenever the climate approaches stability in some region, the great powers hasten to create a state of instability.

Whenever problems approach a just solution, the great powers hasten to render such a solution impossible.

So it is not surprising that wars that might have ended in hours last several years, and that problems that might have had a solution remain without one.

#### **Engineers Bank To Function Under Islamic Law** *45000049a Cairo AL-NUR in Arabic 21 Oct 88 p 1*

[Report by Muhammad 'Abd-al-Latif]

[Text] The Engineers Union has begun the implementation of the Islamic recommendations which were issued by its general assembly in March, which decided that the Al-Azhar branch of the Engineers Bank would be converted into an Islamic banking transactions unit.

Engineer Murad al-Zayyat, general secretary of the Engineers Union, has announced that the branch will carry out its business according to the principles of Islamic law. He added that he will begin work in the branch after its conversion to an Islamic bank at the beginning of January.

#### **Bread Bakers Expose Cheating Practices** *45040045B Cairo ROSE AL-YUSUF in Arabic 17 Oct 88 p 25*

[Article: "Minister of Supply Raises Motto of 'Conciliation is Good'"]

[Text] When night falls, weights are lifted from the balance and the hands of the cutters go to work unchecked, for the night is not the time for food inspectors to work!

This is one of the outcries of "old man Muhammad," a baker who quit the profession 7 years ago because he did not want to turn rapacious under the pressure of bakery owners and because no one would look after him if he got sick since he had no insurance.

The man began venting his grievance: "Today, most bakers live in a single room while bakery owners own several buildings. They are the cause of all the problems."

They are not satisfied with 75 Egyptian pounds clear profit a day. Each bakery gets 25 sacks of 4 loaves at 12 pounds a sack. It costs 2 pounds for kneading, 2 pounds for the baker, and the same amount for gas and machinery. The sack yields a profit of 3 pounds if sold at 21 pounds as set by the government.

But no one does that. Instead of a kilogram weighing out to six and a half loaves, it now weighs out, mostly, to eight loaves, and instead of the bakery doubling its output capacity, it operates at normal capacity only to bring production down and force people to stand in line whereupon cheating sets in.

Cheating today, as Uncle Muhammad says, is extremely easy. There is no deterrent because all supply "raids" end up in leading any worker at the bakery, who is often a student who works irregularly at the bakery, to the prosecutor's office where he is released because he is a minor.

If a case can be made, however, it usually ends up in a 100 or 200 pound fine, and the bakery owner is released on bond, but he has nothing to worry about because in 6 months all cases against him will be suspended without penalty.

The old baker adds guilelessly: When Naji Shatlah was minister of supply, no one suspended any cases. A supply violation at a bakery meant bringing in the baker, the dough cutter, the retailer, and the bakery owner for interrogation, generally leading to punishment.

Today, the minister issues an order from time to time to suspend bakery cases!

### Writer Criticizes Government on Investment Companies

JN30N161488 Cairo AL-WAFD in Arabic  
26 Nov 88 p 6

[Article by Dr Ibrahim Dusuqi Abazah: "The Responsibility of the Government and Not the Depositors"]

[Excerpts] We are not for or against the companies that invest money. However, we are with every serious stand which looks for the truth. We have to first admit that we are living in a country governed by laws and institutions and that the responsibility of the government is to work toward respecting the applicable laws and regulations and ensuring that they are remote from tampering and violations. If this is the situation, then how can the laws of banks, companies, and the money market be violated under the eyes and ears of the state and its successive governments over the past 10 years?

This accusation is not something I created, but something the government did. The government is the one who suddenly, after 10 years, discovered that the investment companies are illegal and their activities are illegitimate, and that they have to rectify their situation, and so on and so forth. Of course, before this discovery, the money of the depositors used to flow into these companies in broad daylight. People from all walks of life used to race to deposit their money in these companies to protect themselves from the creeping inflation and to avoid the ridiculous investment accounts and useless interest rates offered by the government banks. Is it proper after all this for the government to shirk its responsibilities? Is it fair that it washes its hands of its dealings, benefits from the finances of the investment companies, and then lays all the burden on the depositors and the companies and quits the game under the guise of innocence, just as the wolf claimed he was innocent of Joseph's blood?

How could the average, or even above-average, citizen know that these companies were illegal or illegitimate when he saw the ministers and mayors of the government rushing to inaugurate these companies' projects in the government's television and newspapers? What impression of these companies should the citizen form

when he sees the president himself visiting the wings of some of these investment companies in fairs and exhibitions, blessing their work, and encouraging production. Could this citizen disbelieve his eyes and ears and believe that these companies are illegitimate and that they are violating the laws and ripping people off?

I wish one of the writers in authority who attacked these companies would guide me to the way where I could be just to my brother whether he is fair or unfair if the government is really free of guilt and innocent of all that happened in the arena of investment. Could these respectable authority writers who fiercely attacked these companies tell us whether the government, with all its organs, was absent or present when these companies were addressing themselves to the citizens and calling on them to invest their money with them, through the television, the radio, and the newspapers, invite them to the general meetings, and inform them of the administrative councils' decisions?

I wish the important and unimportant authority writers would understand that defending the government and trying to show it in an innocent light is useless and worthless. It is fully, clearly, and openly in league with some of these companies, and especially the Al-Rayyan company. I will not claim that some of the ranking government officials cooperated and benefitted from these companies. However, I do say clearly that the government cannot see the faults in establishing investment companies and remain among the audience for many years without a minimum intervention to correct this mistake and prevent the damage that might result from that, unless the government is conniving, neglectful, or stupid. [passage omitted]

I hope the depositors would understand that the responsibility for the loss of their money lies with the government. Its treasury secures every penny of the deposits in these companies and all the attempts exerted by the government and its faithful writers to evade the responsibility will undoubtedly be confronted with rejection. The government that participates in committing a mistake should also bear the results of these mistakes.

### Columnist Suggests Ways To Unify Exchange Rates

45040059B Cairo AKHBAR AL-YAWM in Arabic  
29 Oct 88 p 8

[Article by Samir 'Abd-al-Qadir: "Toward the Light: Upcoming Economic Decisions!"]

[Text] The government is preparing to issue a series of economic decisions at the beginning of the new year aimed at completing the economic reform process and implementing the plan to correct its course. These decisions will not be issued all at once. Rather, they will be issued in stages in an effort to soften their impact. Our only hope is that they will not hold new burdens for the needy. In fact, we no longer have affluent and needy

people, for both sides now suffer the impact of high inflation and prices that continue to climb unchecked with each passing day while government control is almost nonexistent.

I do not know the reason for such neglect on the part of watchdog agencies. Some time ago, we read and heard about a government plan to tighten control over the markets to curb inflation and freeze prices. But it seems that this plan has been lost in government desk drawers, has found its way to the Ministry of Supply archives, or that greedy merchants, using their power and influence, have been able to hamper its implementation so they can have free rein to wreak havoc in the country.

The new economic decisions are an important part of the economic reform plan agreed upon with the IMF. On several occasions President Husni Mubarak has affirmed his intention to make sure that these economic decisions are consistent with our social circumstances and that only the affluent will bear the burdens they entail without any effect on the income of the needy.

To be sure, at the top of the list will be the unification of the dollar rate of exchange against the Egyptian pound. This is an economic objective the government has been trying to achieve gradually ever since the reform plan got under way in order to avert a surge in commodity prices.

This measure will lead to a higher customs dollar rate against the rate posted by the Central Bank.

Our experiences show that any kind of increase in the customs dollar rate of exchange is followed by an equal increase in the price of all commodities without any distinction between commodities made from foreign components or those based on local raw materials.

To soften the effects of this decision and its resultant burdens that will fall on the affluent as well as the needy, we propose that customs tariffs be reduced coincidentally with the rise in the customs dollar rate in order to realize our economic objective of unifying the dollar's rate of exchange while at the same time maintaining the price level and curbing inflation.

One fact that is clear to customs officers and economists is that over-assessment of customs duties curbs imports, which may be an economic reform objective, but so long as we have already raised the customs duties on luxury items to achieve rationalization, it is not in the public interest to extend the increase to basic necessities, thus causing bottlenecks and a drop in government customs revenues.

We caution against the consequences of any increase in the customs dollar rate if not coupled with an adjustment in the customs tariff. Otherwise, prices will rise at a minimum rate of 40 percent.

The government undoubtedly knows in advance the effects of this decision and will not neglect to do everything it can to soften the impact on those citizens who are in serious need of a break and a chance to catch their breath!

#### Columnist Comments on Recent Disturbances Over Prices

45040059A Cairo *AKHBAR AL-YAWM* in Arabic  
29 Oct 88 p 8

[Article by 'AbdalSalam Da'ud: "Candid Chat On and Off The Phone"]

[Text] My interlocutor said to me on the phone:

What do you think about the incidents of unrest, disorder, and clashes with the police that are going on these days? Do you not perceive in them signs auguring an internal eruption in our country?

I said, banteringly: Watch out, have you forgotten that you are speaking on the phone?

He said: So what?

I said: Are you not afraid that the censor will hear you, and you will be held accountable for what you say?

He said, nonchalantly forcing a laugh: No, this sort of thing does not happen any more; that was a long time ago.

I said: How do you know?

He said: Are we saying more than what is being published in the opposition press? Dear friend, the opposition press is publishing 20 times more unabashedly!

I said: If the opposition press and others are publishing such serious statements, why are the people not responding to them by leading the revolution you dread?

He said, hesitatingly: Well, that's what is puzzling me!

I said: Let me ask you: Why should the people revolt?

He said: Because they are dissatisfied with the way things are.

I said: But you say that the situation is being debated publicly in the press and everywhere else and that some people are turning to demonstrations and riots in protest. Is this not enough to express their anguish, or what?

He said: It's true, the people are expressing their anguish freely, but this is not enough because what good is shouting if it doesn't help?

I said: Let me ask you a specific question: What exactly should be done? Should the situation be turned upside down or should it be reformed?

He said: Reformed, of course.

I said: Give me an example.

He said: Inflation, for instance. Prices are higher than most people can afford.

I said: What is to be done?

He said: The government will find a solution!

I said: This is the government's duty, to be sure, but do you have a solution?

He said: Do you think I'm the government?

I said: Of course you are!

He said: How is that?

I said: You and the government are in the same boat that is being tossed about by the waves and must be rescued. You, as a passenger, know how the rescue should be done or you can assist in the process. So, should you sit with your legs crossed, yelling at the government for failing to do anything and let the boat sink?

He said: No, of course not, but how can I get the government to heed my advice?

I said: You have just said that anyone who has something to say is free to say it and that the entire press is talking, so why do they not offer a solution to the government?

#### Secret Conversation

My interlocutor fell silent for a few minutes, then said: And does the government follow everything we say to it?

I said: It does not have to follow all or part of what we tell it but it undoubtedly responds to solutions because it has no interest in harassing the people.

He said: Listen, you are defending the government, right or wrong, because you are afraid that the telephone is bugged. You are all the same!

I said: I will accept this insult for now because I realize that you are contradicting yourself. Why do we not meet in a place where we are not monitored to finish our conversation?

He said: Agreed. Let us meet at my place then.

We agreed!

In his doorway at his home, we resumed our conversation.

He said, banteringly: Now, tell me, do you really support the government's position?

I said: This is not how the question should be put. It is not a matter of for or against, but rather of whether there is a clearly agreed upon solution to our problems and what is it. If the government is remiss in any way, we reproach it, and if it is intent on finding a solution, we encourage it. However, absolute support or rejection leads nowhere. It may lead to a conflict, but it does not lead to joint action.

We, as passengers on the same ship, must participate in its rescue instead of engaging in a conflict and letting it sink.

He said, looking at me reflectively: I agree with you on the need to participate, but we do in fact participate, sometimes through criticism, sometimes through advice, and at other times through protest but no one listens to us and...

I interrupted: Let us take one issue to consider what solutions we have offered and what the government has done in this regard to determine where the fault lies.

He said: The issue of prices, dear brother. Inflation is bearing down on the people.

I said: And what solution has been presented to the government?

He said: The solution is to raise wages!

I said: God gave us brains, so let us use them in considering this issue. We have limited resources, not enough to meet our needs. To eliminate inflation, we have to increase our revenues which means we have to work more and produce more. Does the government have to work alone or must we all join in the effort?

He said: No, we must all work, but how? Bureaucracy and red tape shut the door in our faces.

I said: My dear man, we do not import our rulers or our employees. They are all Egyptians, just like us, suffering the same hardships and aspiring to a better and easier life. If we complain of red tape or greedy merchants or middlemen or thieves, we are in reality complaining about ourselves.

He said: You mean there is no use?

I said: I did not say that. What I am saying is that we are like a child who inherits a great village and the thieves seize the opportunity to cause widespread seizures and corruption in it. The child grows up into a mindful man who wants to fix the corruption that occurred in the

absence of a mindful administration. Can he fix everything all at once? The question we must ask ourselves is: Are we standing still or are we moving forward? Are not our internal and external circumstances better now than they were 10 years ago, for example?

They are definitely better, as evidenced by the improvements in our public utilities and the progress in our foreign relations.

He interrupted: I agree, but we are moving slowly. We need to move much faster to fulfill our growing needs.

I said: I also agree, but can this requirement actually be fulfilled by revolting against the status quo? What I mean is, is it better to accept the table with whatever little food is on it or should we eat the scanty amount and try to increase it?

Sharp conflicts in society cause solutions to be put off until after the conflict is resolved and one opinion triumphs over the other. But heedful people employ dialogue instead of conflict, thus allowing one opinion to triumph over another without hampering the process of reform and progress.

He said: You mean things could not be better?

I said: No. What I mean is that the dialogue we are having now between ourselves, the intervening excesses, intensity, and fury notwithstanding, guards our domestic front against disintegration and gives us the chance to contemplate better solutions to our problems. But losing our cool, which will cause the temple to come crashing down on our heads, delays available solutions for tens of years.

He said, with a sigh: It looks like you are really convinced of what you say. I mean, you were not afraid to talk on the phone!

I said: You are strange! You tell me that telephones are not being tapped any more and that the press publishes articles that are harsher than our talk on the phone, then you accuse me of being a hypocrite because I reject harsh conflict or eruption, as you call it. Is this not a contradiction in your way of thinking?

He said: I am really confused! Sometimes I get so angry that I imagine that tearing down the house, as you put it, is better than living in it full of holes and faults. Then, when I think about what could happen if we enter into the whirlpool of conflict, I find myself thanking God that we are not like Lebanon, for example. I hear words like yours and find them reasonable and, at the same time, totally unsatisfactory because we are looking for quick solutions.

I said: Reasonable men, my dear sir, look for serious and useful solutions. They do not look for a solution at any price, for example if the price were the destruction of everything and all hope.

Believe me, I am ready to support any opposition party that will give me the same freedoms I am now enjoying and that can convince me of its ability to arrive at a serious solution to our problems. But, I am not ready to break lights and set cars, buses, and trains afire or get into a bloody conflict with a citizen like myself who wears a police uniform, only to express my anger and discontent.

He said, laughingly: And thus, you have solved the problem, indeed, all the problems!

I said: Not at all. I do not claim that, nor is it claimed that it is impossible to improve on the way things were or are. But I can put up with everything until the angry words in my heart are stifled! I worship my freedom and place it above all else.

I will surprise you and prove to you that I was not afraid of telephone taps because there are no taps on the phone and because I am going to publish what we said, to the letter, without any fear of any kind of censor.

He said: You will not surprise me!

## ISRAEL

### Sociologist Assesses Role of Fundamentalism in Elections

44000095 Jerusalem THE JERUSALEM POST in English 4 Nov 88 p 5

[Text] For weeks, the ultra-Orthodox parties conducted a spirited and aggressive election campaign, with rallies and gatherings attracting thousands of enthusiastic followers. If the rest of the country took any notice at all, they viewed these efforts as a curiosity. But when the votes were counted, the strong showing of all the ultra-Orthodox parties surprised even some of their own political activists.

The fact that these parties won a combined total of 13 Knesset seats is indicative of a growing split in our society, and a sign of what we can expect in the future, warns Prof Menachem Friedman, a sociologist who has specialized in the study of the ultra-Orthodox community. While admitting that he also did not expect such results, now, after the vote, Friedman says he is able to pinpoint some of the factors which contributed to them.

He expected that Shas, the Sephardi Tora Guardians party which went from four to six seats, would do well. But, the sociologist had been taken aback by the large gain of Agudat Yisrael, which jumped from two to five

seats. However, he still feels that the latter has a limited potential for attracting voters, while Shas has a far greater possibility of doing so in future elections.

What was significant was Aguda's entry into development towns, according to Friedman, though it remains to be seen if these electoral gains will prove lasting. In contrast to other observers who believe Aguda's boost came solely from the Habad hassidim, he feels that Poalei Agudat Yisrael—the faction which left the moribund Morasha party and rejoined Aguda—also played a considerable role.

Like Shas, Aguda gained many of its extra votes not from the ultra-Orthodox urban sector which forms its traditional voting bloc, but from the traditional residents of development towns, most of whom are Sephardim and have little in common with Aguda's Yiddish-speaking functionaries.

"They are not Habad hassidim, nor is there any chance that they will become Habad hassidim," Friedman says. "They do not completely identify with Habad even if they are willing to carry out this political act under the influence of Habad."

The gains of the ultra-Orthodox parties represent the success of several individual charismatic figures. Among those prominent in the election campaign were the Brooklyn-based Lubavitcher Rebbe and the Baba Baruch, scion of a long line of Moroccan holy men, who both backed Aguda, and Rabbi Ovadia Yosef, the former Sephardi chief rabbi whose numerous admirers continue to view him as the real chief rabbi, and who conducted a personal campaign for Shas.

The success of such figures, Friedman observes, indicates that they provided solutions to problems—concerning security, defence and social needs—which the society had otherwise been unable to do. This, he adds, is one of the failings of Israel's contemporary society.

On another plane, the expert continues, the ultra-Orthodox voting phenomenon indicates the existence of a fundamentalist element, the strength of which many local observers had not noticed. It also indicates that our society is split and that a very great gap separates the two sectors. In the future, he predicts, this split can be expected to widen and grow.

The sociologist also believes that the failure of M'imad—the centrist religious party which split from the National Religious Party—to win even one seat is a sign of the direction in which society is moving.

"I see no bridge. There are two separate societies, with two world outlooks. This was true in the past, but it wasn't as clear as it is now," says Friedman, adding that the implications of this development are as important for the right as they are for the left.

"The Likud also has a liberal element, and they will now have to toe the line. They will have to go along with the fundamentalists."

Religious fundamentalism has broken out of the bounds of Me'a She'arim and Bney Brak, he says, and has made an entry into the very centre of Israeli political life. They had the power to do this in the past, but apparently didn't realize it until now.

All this is a result of a clear expression on the part of the traditional elements among the 'edot hamizrah (Jews of Middle Eastern origin). Indeed, the sociologist remarks, "They have given us a clear sign of where they are going."

It is true that many of those who voted for the ultra-Orthodox parties had been supporters of Meir Kahane, according to Friedman, but it was somehow easier to live with Kahane because everyone knew he was a marginal figure. The supporters had to go somewhere, and the paradox is that now they are more of a factor to reckon with because they must be dealt with directly.

The ba'aley tshuva (newly-religious) sector may have provided little in the way of votes, but it was significant in other ways. One newly-religious person could, for instance, serve as an example for an entire family or neighbourhood. People could say, "Look at him, see the way he's improved," and thus, indirectly, legitimize the religious vote.

In the past, the sociologist concludes, masses of people had sought rabbinical blessings, made pilgrimages to tombs, and participated in public religious gatherings. Now, they have given the feelings underlying such actions clear political expression.

**The Politics of Religious Polemics**  
*44000078 Jerusalem THE JERUSALEM POST*  
*in English 14 Oct 88 p 4*

[Article by Haim Shapiro]

[Text] The story is told of the wealthy Jew in Eastern Europe who had two sons-in-law, both fine scholars, who boarded in his home.

One would only eat dairy and the wealthy man set a lavish table for him with blintzes and kugel, sour cream and cheesecake. The other would only eat meat, and he, too, had his separate table, set with chopped liver, flanken, and roast goose.

But the wealthy man fell on hard times, he lost his money and eventually both sons-in-law were reduced to a steady diet of potatoes. One day, as each was eating at his separate table, one looked at the other and said: "My friend, as long as we are both eating potatoes, why don't we share the same table?"



The story was a common one in the ultra-Orthodox community of Jerusalem, used to explain why the hassidim and *mitnagdim*, who were once such great foes, now seemed to get along with each other quite amicably. As long as both groups were few in number and without resources or influence, they cooperated.

The tale might also serve to explain why—with the leaders of both major political parties going out of their way to court the ultra-Orthodox parties, which might well be decisive in determining who will form a governing coalition after the elections—the antipathy between hassidim and *mitnagdim* has again risen to the surface. Indeed, the level of bitterness has, perhaps, never been as great since the Ga'on of Vilna, the spiritual leader of the *mitnagdim* who dominated Lithuanian Jewry, excommunicated the hassidim 200 years ago.

A central figure in the clash is the 92-year-old Rabbi Eli'ezer Shakh, who five years ago shook the foundations of the ultra-Orthodox political establishment by resigning as co-chairman of the Agudat Yisra'el Council of Sages—a position which he held together with Rabbi Simha Bunim Alter, the Rebbe of Gur—thus ending the long-standing alliance of hassidim and *mitnagdim* (and other ultra-Orthodox elements) brought about with the founding of Aguda in 1912.

At the time, Shakh gave no reason for his resignation and Aguda politicians preferred to believe that the elderly rabbi, who was then 89, wanted to take things easy. They couldn't have been more mistaken, and from that time until a month ago, when Shakh made his final break with Aguda, he has had that party in a constant uproar.

His first act was to back the Sephardi breakaway from Aguda, SHAS, a party which despite its facade as a party reflecting Sephardic dissatisfaction, managed to attract a goodly number of followers from the *mitnagid* Lithuanian yeshivot. He then gave his patronage to a new paper, YATED NE'EMAN, which offered fierce competition to the Aguda daily, HAMODIA.

Although there were elements of political differences (Shakh is characterized as a dove and Aguda had switched its allegiance from Labour to the Likud), much of the struggle seemed to be purely hassid-*mitnagid* friction. In particular, Shakh had expressed his bitter opposition to the Lubavitcher Rebbe, leader of the Habad hassidim.

Shakh has accused the Brooklyn-based Lubavitcher Rebbe of having messianic aspirations and has attacked the Habad leader's halachic rulings as "based upon ignorance and foolishness." Indeed, any Habad initiative, such as that movement's organization of regular Rambam study classes, seems to arouse him to fury.

For Dr Yitzhaq Alfasi, a scholar of hassidism at Mosad Harav Kook, the situation is almost an exact replay of the attacks on hassidism by the Ga'on of Vilna, who charged the hassidim with apostasy and not observing the mitzvot.

"If you closed your eyes, you could imagine it was the Ga'on of Vilna speaking," he said, referring to a recent speech of Rabbi Shakh. Though it was only Habad which was singled out for attack, Alfasi added, there was no question that there was a direct historical link between the anti-hassidism of then and now.

Alfasi added that in his view, much of the opposition of the Ga'on of Vilna was based upon false reports which he had received about the hassidim.

"If he had checked the stories and met with the hassidim as they had asked, then he could have changed his mind," he said.

The hatred, Alfasi continued, was a very personal one which did not necessarily extend to the followers of the Ga'on of Vilna. In fact, a month after the Ga'on of Vilna died, there was peace between the two camps.

Among the accusations against the hassidim at that time was that they were secret followers of the false messiah, Shabetay Tzvi, a charge based upon the fact that the hassidim had adapted what Alfasi said were "many of the external aspects of the Sabbatarians."

Alfasi does not believe that the hassidim were secret Sabbatarians any more than he believes the charges made against Habad to the effect that they secretly believe their rebbe to be the messiah, even if observers consider their adulation of the rebbe to be excessive.

But it was not this aspect of Habad, Alfasi felt, which led to its being singled out for attack. Habad has attracted opposition because of its success, he said: "It is the only hassidic group that is on the offensive, that goes out actively and seeks souls. If you are a Gur Hassid, the chances are that your father and grandfather were as well, but Habad actively recruits followers."

In any case, the antipathy of Shakh towards Habad was a central issue in February, when Aguda held a conference at the religious resort of Kinar on Lake Kineret. Influential figures in the world Agudat Yisra'el movement from abroad did their best to impose peace upon the Israeli party. But here, too Shakh, who was not at the conference, remained the key figure.

Participants sat and waited for hours while intermediaries conferred by telephone with the Shakh home in Bene Beraa. At that time, Shakh made clear that he would not sever his ties with SHAS, but the price of even limited support of Aguda was that the party must sever its ties with Habad.

This did not seem like a very high price. Habad had never been a part of Aguda and in the recent past, it had severely criticized the party for not doing all it could to further the passage of legislation that would amend the Law of Return, so as to bar non-Orthodox conversions.

But Shakh demanded that *Hamodia* stop running the paid advertisements of messages from the Lubavitcher Rebbe. This, *Hamodia*, which is controlled by the Gur Hassidim, refused to do and it was over this issue that Shakh made his final break with Aguda and ordered his followers to organize a competing Ashkenazi party, Degel HaTora.

This week, the new party held its opening conference. Thousands of black-clad followers of Shakh filled Jerusalem's Binyeney Ha'uma to the bursting point and spilled out into the surrounding plaza, mobbing the elderly rabbi and greeting him with prolonged and enthusiastic song in the manner in which hassidim honour their rebbe.

The only fly in the ointment was the fact that the night before, unknown assailants had covered the walls of the home of the Rebbe of Gur (who had virtually retired from public life because of illness) with graffiti. The sprayed messages attacked the rebbe for giving his blessing to Agudat Yisrael.

The head of the Degel HaTora Knesset list, Rabbi Avraham Ravitz, told a press conference that night that the entire incident "smelled of blood libel." The graffiti was the work of provocateurs, he said. Ravitz also tried to play down the hassid-*mitnagid* rivalry. Most of the Degel HaTora candidates had actually come from hassidic families, he said, despite the fact that they were the products of Lithuanian yeshivot.

A similar line was taken by the Belz hassidim, who had broken with the hassidic camp to back Degel HaTora. Rabbi Mikha'el Halberstam, a Belz spokesman, quoted his rebbe as saying that the use of the name of the Ba'al Shem Tov "as a means to gain Knesset seats or financial benefits" was an insult to the founder of hassidism.

Taking the line that ideally, there should be no need for religious parties, Mandelstam said that the Belz hassidim viewed much of the "religious" legislation proposed by the religious parties, including the proposed anti-pork law, which would outlaw the sale of pork in Jewish areas, and the matzot law, which already outlaws the display of *hametz* for sale on Pesah, as "idiotic and a waste of time."

As for the attempts to change the Law of Return, he said the amendment would never pass and if it were to, it would have no meaning anyway.

"All it did was bring the Reform and Conservative into Israel," he said.

Mandelstam charged that Aguda had actually sabotaged an attempt by Menahem Begin to equalize the government subsidies to yeshivot to that of the universities, preferring to keep the system of special grants to selected institutions.

Mandelstam said he also believed that the graffiti was the work of a provocateur.

"They (Aguda) had to do something. They knew that that night there would be thousands at the Degel HaTora rally. So they tried to bring it back to the level of hassid and anti-hassidic rivalry," he said.

As for Shakh's hatred of Habad, Mandelstam said, "We don't agree with it. There are many things about which we don't agree with Shakh, but they (Degel HaTora) appear to be upright people and we are willing to give them a chance."

Other hassidic observers consider the Belz-Degel HaTora alliance to be "pure politics." Belz had never affiliated with Aguda, even in Poland, and it was well known that the Belz institutions had not received the largesse which other ultra-Orthodox institutions had enjoyed as a result of the Aguda coalition agreements.

It was an open secret, one hassidic source said, that if Rabbi Shakh hadn't come along, the Rebbe of Belz would have told his followers to vote for the Alignment.

## JORDAN

### Commentary Justifies Price Increases, Reduced Consumption

44000082 Amman JORDAN TIMES in English  
23 Oct 88 p 4

[Article by Dr Fahed Fanek]

[Text] The pricing of the government-made goods and services is an important economic matter, both from a financial point of view or from a management and social point of view. This pricing is a worthwhile matter for revision and reform, especially in a country like Jordan, where the government and the public sector in general perform a major role in the field of producing and providing essential services.

The financial importance of the pricing of government-made goods and services stems from the need of the treasury to reduce the budget deficit to enable the Ministry of Finance to honor its heavy financial commitments. This situation which obviously calls for a substantial rise in the prices of at least part of these services. These include water, electricity, education, health, postage, telephones, and the fees for using public utilities such as the Aqaba port and the country's airports.

The management importance of the pricing public services is also related to the need of public institutions to enjoy more autonomy in administration, and self sufficiency in finance. These institutions should be allowed to price their own products so that they can realise fund surpluses, in order to enable them to act, and improve, modernise and expand their services, instead of remaining under the mercy of uncertain subsidies of the treasury, itself in need of subsidies.

The social dimensions of such a step should of course be borne in mind, and must be taken into account. The most important considerations are the just distribution of income among social groups, and the ability of these groups to tolerate higher financial burdens. It is evident that subsidising public goods and services, across the board, is currently reflected for the benefit of those who consume more—the higher income groups of the population.

Reducing water prices for instance would not benefit limited income families, who use small quantities of water for drinking, cooking and cleaning purposes. These basic needs can be satisfied by a small amount of water which can be priced moderately and even subsidised. But the excess consumption of water for swimming pools and irrigation of huge gardens does not socially qualify for the subsidy of the government, and must be taxed aggressively.

The same applies to electricity of which limited income families need very little for their humble lamps and radios. The excessive consumption of power results from operating airconditioning and heating equipment, deep freezers, and lighting of gardens and gates.

During the last several years, the government reduced the prices of certain services such as water, electricity, local and international telephone calls. The relative public corporations producing these services suffered, while the limited income groups did not benefit except to a very limited extent.

On the other hand we have a need to reduce consumption by all means. Rationalisation of consumption does come about by making governmental services cheaper, or by selling them below cost. Subsidy is an open invitation to higher consumption not to saving; it is a disincentive.

One is of course aware of the importance of the social and political factors involved, and appreciates the sensitivity of the government towards limited income groups, such as workers, employees and soldiers, but this cannot be achieved by lowering the prices across the board. Only a reasonable quota should be priced at cost, while the price should accelerate rapidly for consumption beyond that limit.

The reform of pricing of the government pricing policy is essential. It has financial, economic and social merits and must be dealt with....now.

### University Students Participate in Discussing Popular Army

44040059 Amman AL-DUSTUR in Arabic  
16 Oct 88 p 12

[Article by Tal'at Shanna'ah: "AL-DUSTUR Travels to the 'Bride of the North' to Meet With Popular Army Leaders"]

[Excerpts] Despite his many concerns and the continual ringing of the telephone throughout the 10 minutes we spent in his office, Mr Akram al-Nasir, governor of Irbid, spoke to us about the popular army experience. He said:

"The army exemplifies the country's pride and national glory, and that is why soldiers of all military ranks have the highest moral qualities, beginning with discipline and respect for law and order and ending with the most splendid human attributes, namely, self-sacrifice for the sake of national interest and independence.

"For the homeland is the ideal for which a soldier lives and devotes all his energies and efforts to defend. Moreover, the training soldiers receive when they enlist in the armed forces instills and deepens this concept and prepares them to answer the call to duty without hesitation."

The governor added:

"With regard to Irbid, as the largest governorate it has lines of confrontation with the enemy and must have an army of reserves to help the armed services when a confrontation occurs. A trained populace is necessary to counteract destructive propaganda the enemy may wage.

"In Yarmuk University, I noticed good student response with good results as well. Exercises conducted on graduation day attested to the fact that great efforts had been exerted in this regard, and student presentations following training were a source of pride. These committed individuals have attained a standard equal to that of the regular army."

### United Efforts

Everyone in Irbid, employees and students alike, went out for training. Through meetings, direct dialogues, and awareness campaigns, we were able to overcome these difficulties, and the citizens themselves perceived the advantages, such as the benefits they derived from civil defense and first-aid training.

Perhaps the citizens developed this awareness when they saw that we respected their circumstances and left it up to them to choose the most appropriate time for them. The citizens' role in time of peace is no less important

than their role in time of war. They may have to face natural conditions such as disasters and floods, hence their essential acceptance of the idea of a trained populace, not to mention their role as a building block in the development process.

#### Yarmuk University President

Dr Muhammad Hamdan, president of Yarmuk University and professor of mathematics and statistics, received us in his office and proceeded to express his opinion of the university's experience in this domain:

"The students' experience began in February 1987 when students, faculty, and administrators enrolled in the first course. This class was graduated in April 1987 under the auspices of His Highness Prince Hasan who expressed his admiration for the students' worthy standard.

"By offering these courses in the important field of student education, we hope to prepare the students (the youth sector) to be a standby for our armed forces in defending national soil by giving them training in the use of weapons in addition to defense skills, physical fitness, and fending off natural disasters. Regarding female students in the field of nursing and first aid, they have received outstanding training so that they may be called upon in times of need, gaining in the process fringe benefits such as an acquired sense of discipline which influences general behavior.

#### Third Dimension

"When students undergo training, they achieve a specialized college education and personal, social, and cultural growth.

"The popular army is a third dimension, and is an exercise in good citizenship which is positively reflected in civilian life in terms of participation in civil defense activities and community service.

"I have noticed a high-spirited race for training among students, especially in the wake of coordinated efforts to make sure that training does not conflict with their studies.

"With regard to employees, training does not impact on their work and, therefore, everyone rose to the occasion."

#### Dean of Students

Our choice of Dr Khalid al-'Umari, dean of students at Yarmuk University, was prompted by his close association with the students themselves.

We asked him about the experience, and he said:

"The popular army initiated contacts with the deans of students whereupon the army's law was examined and the intention to apply it at Jordanian universities was explored.

"Then began the process of narrowing down available facilities and searching for ways to assist in providing office space and training locations.

"For our part, we participated in the awareness campaign and in explaining the laws, directives, and bylaws to the students. The directives were made public, and student registration got underway with a heavy turnout. Yes, they all came forward with enthusiasm, expressing their delight and readiness to undergo training which they viewed as a national duty to be proud of.

#### Another Year

"This is the second year of training and the students are still turning out for registration in large numbers.

"The relationship between students and instructors is good. I use as a yardstick my personal talks with them and the absence of problems in this regard.

"Furthermore, students wear uniforms and direct their attention to cleanliness and good behavior.

"There is communication and mutual understanding between officers and armed services supervisors, not to mention reciprocity in making the picture clear between the two sides.

"The popular army has furthered the development of relations and the integration of the soldier-student role." [passage omitted]g

#### No Barriers

Student Sami "Awad al-Masib (second-year English) alluded to the great advantage he sees in removing psychological barriers between the ordinary citizen and weapons which used to be regarded as something frightful. It is a moral and a material advantage, like learning how to use weapons (disassembly, assembly, shooting).

This is exactly what student 'Awdah Hamad Hamayidah (second-year Arabic) emphasized, saying that training has not affected his studies but has rather raised his self-confidence.

This is what student Mahmud Hamid al-Miqdadi (second-year English) said, adding that his association with the popular army has given him a window to the enemy and that information and knowledge in how to use weapons are an educational shield in national and self-defense.

### Irbid Sector Commander

We concluded our tour with a meeting with the commander of Irbid sector who seemed very proud of the experiment's success. He said that the students are in total agreement with and understanding of the training program and, underscored the fact that work is going well and that the student-instructor relationship was good, thus contributing to the experiment's continued success.

## LEBANON

### Report Describes Capabilities of Iron, Steel Complex

45040046 Tripoli AL-FAJR AL-JADID in Arabic  
25 Sep 88 pp 4-5

[Article: "Iron and Steel Complex at Misratah, an Enormous Revolutionary Industrial Achievement in the Great Jamahiriya"]

[Text] The iron and steel industrial complex is considered one of the biggest achievements ever built on the soil of the great Jamahiriya. It is one of the largest iron and steel mills in Africa and the Third World. This achievement lies east of the city of Tripoli on the Mediterranean coast of the city of Misratah. It was established on an area of 6,500 hectares, 1,200 of which were set aside for the first phase.

Several international companies specializing in the field of iron and steel undertook implementation of this industrial complex. The production capacity of the complex's first phase is 1,324,000 fluid tons a year by the method of direct reduction of imported iron rounds using locally available natural gas. During the second plan, production could be expanded by tall furnaces using the iron of Wadi al-Shati' [the Coast Valley] and imported coke for a production capacity of 6,324,000 tons a year.

As befits a modern complex, the machines in the complex's mills were designed in accordance with latest developments in iron and steel technology. Operating procedures incorporate a high degree of automation. Computers are used to monitor and control operations, allowing flexibility in operation and ease of maintenance. Effective measures have been established to prevent environmental pollution, insure worker safety, and provide suitable working conditions.

During our meeting with Dr Miftah 'Ajuzah, administrative secretary of the complex, he explained to us that the iron and steel industrial complex was 90 percent into its final phase. Most of the production units in the complex were ready. Some of the mills that were ready were going through stages of production testing that would take between 6 months and 1 year. The implementing company has turned them over to the iron and steel producing organization.

The administrative secretary said, "Our goal is to operate this iron and steel industrial complex to satisfy citizens' needs for the manufactured materials that this complex produces and that enter into the fields of industry and civilian activities."

Dr Miftah 'Ajuzah explained that there were a number of mills in the industrial complex. These include direct reduction, using gas coming from the Libyan Arab oil fields. This is the world's most modern method of producing iron and steel.

As for the production force that will run these mills, the administrative secretary answered that there are now a large number of Libyan engineers who have undergone training and specialized courses in the field of iron and steel. There are also production workers who have graduated from specialized intermediate institutes in the great Jamahiriya. They have been trained in external and local study during the testing phases of the mills.

He went on to say, "We are now using the testing going on in some of the mills as an opportunity to train production workers."

Regarding the production capability of the iron and steel complex, Dr Miftah 'Ajuzah said, "This complex was designed to fulfil domestic needs first of all, and then to export the surplus to Arab countries and friendly states."

Regarding economic cooperation in the framework of economic integration and the possible use of Arab expertise and raw materials, Dr Miftah 'Ajuzah told us, "There is cooperation between the Arab countries through the Arab Iron and Steel Manufacturing Union. We have recently been cooperating with the countries of Arab North Africa, especially Algeria and Tunisia. We have begun extensive cooperation with them through profitable visits between experts. Cooperation in regard to raw materials available in the countries of Arab North Africa has also begun."

The administrative secretary of the iron and steel complex added, "The industrial complex employs modern technology for production and quality. There is a computer system to control operation in the complex's mills."

### Components of the complex

The iron and steel industrial complex includes many principal and subsidiary mills and utilities:

- Two direct reduction mills, each to produce 550,000 tons of sponge iron a year.
- Two steel mills: the first containing three electrical furnaces, each with a capacity of 90 tons per casting operation and two lines for continuous casting of bars, to produce 630,000 tons of blocks a year; the second containing three electrical furnaces, each with a capacity of 90 tons per casting operation, to produce 611,000 tons of slabs a year.

- Two mills to roll rods and bars, each to produce 200,000 tons a year.
- A mill to roll light and medium sectors, to produce 120,000 tons a year.
- A mill for hot rolling, to produce 580,000 tons a year of hot-rolled ribbons.
- A mill for cold rolling and units for final preparation of cold- and hot-rolled rolls, to produce 140,000 tons a year of cold-rolled ribbons and sheets and 100,000 tons a year of hot-rolled sheets.
- Auxiliary units, including: an oxygen and compressed air mill, a central water plant, a central maintenance workshop, a central laboratory, etc.

The first phase includes the necessary basic utilities, the most important of which are:

- An electricity generating and water desalinization plant containing 6 steam-driven turbine generators, each with a capacity of 85 megawatts, along with 3 water desalinization units, each with a capacity of 10,500 cubic meters a day, using the method of multistage flash vaporization.
- A 600-km pipeline from Marsa Burayqah to carry 6,500,000 cubic meters a day of natural gas which is used in the direct reduction mills and the electricity plant.
- A port to handle 2,000,000 tons of raw materials a year.
- A 9,250-unit housing development to house 50,000 people, along with the necessary service utilities.
- A limestone and dolomite quarry in the al-Sadadah region (100 kms away) to produce 162,000 tons of limestone and 33,000 tons of dolomite a year.

The complex contains a center for diversified training to train 600 trainees a year.

During our tour inside the iron and steel complex, we stopped in Mill No 4, which rolls rods and bars. We were met by Engineer Bashir Miftah, the supervisor of the mill, who said:

"This mill is considered one of the most modern mills belonging to the iron and steel industrial complex. It contains two production lines. Each of them produces 200,000 tons a year during 3 work shifts and has 195 production workers and engineers."

The supervisor added that the site on which the mill was built is 600 meters long and 90 meters wide.

Regarding the production operation, Engineer Bashir Miftah explained that the first line produces construction iron in various sizes from 5.5 mm to 40 mm and has a production capacity of 200,000 tons a year. The second line produces angle iron of various sizes and lengths and also has a production capacity of 200,000 tons a year.

Engineer Nuri Abu-Bakr, one of the engineers in the mill, talked to us about the mill's mode of operation and the stages of production. He said that the furnace of each production line is first heated to a temperature of 1,100 degrees centigrade. Then iron ore, in the form of pure bars of iron ore, is put in.

Engineer Salim Abu-Zayd explained that this mill is run by a number of engineers and production workers who were certified in iron and steel courses. All are Libyan Arab nationals. Engineer Salim added that the mill operates 24 hours a day, with three shifts.

Regarding the production capability of the mill, Engineer Salim, the supervisor of the mill, explained to us that the mill produces three kinds of iron: sheet, runner, and pig iron. It can produce up to 13 tons an hour, i.e., 182 tons a day.

One of the engineers explained to us that mill No 5 contains a furnace for pure bars of iron. It smelts 77 bars of iron at once, each of them 4 meters long, at a temperature of 1,200 degrees centigrade (the temperature to which the furnace is heated).

Regarding the electricity generating and water desalinization plant that supplies the iron and steel industrial complex, we met with Engineer 'Abd-al-Majid al-Birah, director of the plant, who said:

"Work in this plant began this June. The plant contains three units, each with a capacity of 10,500 cubic meters a day. They work by flash vaporization to obtain desalinized water and electricity. Only one unit is being operated now; the other two are being awaited. The plant operates on fuel oil."

Regarding the number of production workers in the plant, its director told us that there are a number of engineers and productive workers—Libyans—who work in this plant.

Regarding the contents of the plant, the plant director explained to us that the plant contains a computerized control room from which the plant is operated. The plant is equipped with the most modern developments in the area of desalinization and electricity. There are also boilers and the laboratory. There are four storage tanks to hold desalinized water, each with a capacity of 20,000 cubic meters. There is a desalinized water treatment unit where chemicals are added to the desalinized water.

There are also 8 boilers, each with a capacity of 31 tons an hour.

Regarding the electrical power produced by the plant, Engineer 'Abd-al-Hamid said that there are 6 electricity generating units, each with a capacity of 84 megawatts, for a total capacity of 500 megawatts.

The director of the plant said that the plant satisfies all the water and electricity needs of the iron and steel complex.

#### Future Plan

Given the characteristics of the iron and steel industry—the long period required to absorb its techniques, the time needed to develop complementary industries that consume its products, and the gradually increasing size of demand—the general plan for implementing the complex was laid out for a period of 30 years, with successive steps in two phases. In the general plan for distributing the complex's units and determining their capacities, allowance was made for a possible gradual increase of production to meet demand. This would be done either by introducing additions to the existing mills (such as the hot-rolling mill) or by building new mills (such as other iron mills, steel mills, or rolling mills).

Allowance was also made for expanding the basic utilities, such as the port. This was designed so that another breakwater and several piers could be added to accommodate import-export traffic in the second phase.

#### Development of Other Sectors

The complex will propel many economic activities that form a wide area for comprehensive development of the national economy. There are many complementary industries that could develop along with the complex, for example:

Pipe manufacturing, wire products manufacturing, steel frame fabrication, automobile manufacturing, and other metal industries—not to mention direct uses of the complex's products in construction sector generally. These products will contribute to the building of modern houses, schools, hospitals, etc. Feeder industries for the complex are also expected to grow: the manufacturing of thermal materials, graphite rods, etc.

#### Development of Industrial Talents

Given the advanced technology employed in the complex and the importance of technology transfer, an ambitious plan has been established to train 6,000 of the total of 7,000 [Libyan] nationals that the complex requires. Plans have been made to send 4,000 personnel for practical training in the contractors' mills abroad and to train 2,000 personnel on site. In addition, certification in some skills and specialties will be given in the complex's center for diversified training. The experience that [Libyan] nationals gain in the areas of operating, maintaining, and administering the complex will be an important factor in enhancing the organizational abilities and administrative skills of these personnel. These skills will be of benefit in managing other industries.

Thus the iron and steel complex represents a long-range economic and social development plan aimed at creating an industrial base and developing human resources, thereby making the great Jamahiriyyah an industrial country, and enabling it to be self-sufficient, thus realizing greater development and progress.

### OMAN

#### Government Housing Policies Discussed

44040071b Muscat 'UMAN in Arabic 30 Sep 88 p 14

[Article: "Skeletal Maps Drawn Up for the Sultanate's Provinces With the Aim of Forming a Complete Map; 35 Million Riyals in the Third 5-Year Plan for Social Housing Projects in Muscat and Various Provinces"]

[Excerpts]

#### Sultanate's General Housing Policies

The general housing policies are embodied in clusters of main rules and directives representing the general framework in whose light the objectives, strategies, and executive and procedural rules and principles are defined. These policies are crystallized in clusters of systems, each of which is concerned with delineating the dimensions of activity in one of housing's numerous aspects. These systems are also concerned with delineating the framework within which this activity is carried out generally. Beginning this year, every aspect of the general housing policies will be truly embodied. [passage omitted]

The Ministry of Housing is currently preparing to expand its efforts to draw up skeletal maps for the sultanate's various provinces with the aim of drawing up a complete map of the sultanate. In the light of this map, the planning requirements for services and utilities needed by the various service ministries will be prepared so that these ministries may draft their projects for each 5-year plan, because planning tied to the services and utilities is ideal planning.

The sultanate's skeletal provincial maps are expected to be completed by the end of the third 5-year plan.

#### Third 5-Year Plan and Social Housing

Because the housing sector is given great attention by the government of His Exalted Majesty Sultan Qabus ibn Sa'id, a sum of 35 million Omani riyals has been allocated for social housing projects in Muscat and the various provinces. This sum includes:

- A total of 6.76 million Omani riyals for the construction of social housing units in Muscat area.
- A total of 4,747,000 Omani riyals for the construction of social housing units in the southern province.
- A total of one million Omani riyals for the construction of social housing units in Musandam Governorate.

- A total of 17,983,000 Omani riyals for the construction of social housing units in various provinces of the sultanate.
- A total of 3.8 million Omani riyals for the construction of social housing units in the nomadic areas.

Projects in the internal areas of Hayma Province (30 houses), Nazwa Province (50 houses), Jibrin area (100 houses), Bahla Province (50 houses), al-Maghsil in the south (50 houses), and Dalkut (20 houses) will be completed this year, 1988.

Projects being implemented in 1988 are also found in Shannas Province (20 houses) and in Lawa Province (30 houses) of al-Batinah area, in Azka Province of the internal area (25 houses), in Sur Province (Ra's al-Hadd) of the eastern area (35 houses), in 'Ibri Province of al-Zahirah area (30 houses), and in Kuria Muria (20 houses) and in Sha'r (100 houses) of the southern area.

#### Housing Assistance

The Ministry of Housing offers housing assistance to citizens meeting the prerequisites stipulated in the articles of the housing assistance statute issued by Ministerial Decree No 168/87. Priority is given to aiding families exposed to natural catastrophes, be they general or individual, then to (insured) families, and then to families with a limited income.

This assistance is advanced in the form of a state grant of a maximum of 6,000 riyals given to a qualifying person once, and only once. This grant is given to restore an existing house if it needs maintenance, to add to the house if it is not big enough to accommodate the family occupying it or if it lacks some essential facilities, or to rebuild a house in case it is not fit for habitation or in case restoration is impossible.

In implementation of the instructions given by His Exalted Majesty Sultan Qabus ibn Sa'id to boost the housing assistance program, a sum of 6 million Omani riyals has been allocated for the years spanned by the third 5-year plan.

The ministry, through the technical branch of the Housing Assistance Department, prepares the specifications for special-case projects, offers these projects for bids, follows up on implementation of the projects and then delivers them to the citizens when completed.

#### Housing Bank: Financing and Loans

The Omani Housing Bank is one of the important mainstays established by the government to contribute to serving the Omani citizen and to enhance the sultanate's construction renaissance by helping the Omani citizen secure proper housing for his family.

The bank has given a large number of citizens the opportunity to secure previously unavailable housing through the unique loan facilities it offers them in this area. The bank offers citizens multipurpose housing loans including loans for the construction of a new house, purchasing and finishing an unfinished house, and completing the construction of or enlarging an already existing house.

The maximum loan given a citizen amounts to 35,000 Omani riyals. The loan is to be repaid over a 20-year period in easy monthly installments not exceeding 35 percent of the borrower's income.

The interest charged by the bank is subsidized by the sultanate's government which shoulders the major part of the interest on behalf of the borrower. The smaller the citizen's income, the greater the subsidy shouldered by the government.

Through these loan facilities and through its seven branches in the sultanate's various provinces, the bank advanced from the time it was founded through the end of May 1988 a total of 11,321 loans with a total value of 154,963,088 Omani riyals.

#### Plans for Industrial Projects Decided

44040071a Muscat 'UMAN in Arabic 30 Sep 88 p 14

[Article: "Sultanate's Government Exerts Efforts To Encourage Establishment of Industrial Projects; Tax and Customs Exemptions and Numerous Benefits Enhance Industry's Ability to Confront Imports"]

[Text] Muscat (GNA)—The sultanate's industrial sector has received a big share of the attention of the government which has spared no effort to encourage the creation of industrial projects, to support such projects, and to grant them numerous benefits through the law on regulating and encouraging industry, issued in accordance with sultan's Decree No 1/79. This law offers industry tax and customs exemptions and numerous other benefits that enhance industry's competitiveness vis-a-vis similar imports from abroad.

Throughout the years spanned by the three development plans, [industry's] actual total and planned capital has amounted to 8.78 billion Omani riyals, including nearly 30 percent, or 2.66 billion Omani riyals, constituting the private sector's share. Total investment in the industrial sector during the same period has amounted to 279.3 million Omani riyals.

The industrial incentives offered by the Ministry of Commerce and Industry to industrial establishments are embodied in the exemption from customs fees for machinery and equipment needed by an establishment during the foundation and expansion phases and for raw materials and semiprocessed materials. They are also embodied in increased customs fees levied on imported



goods similar to local products, in prohibiting or restricting the importation of such goods to protect national products, in recommending reduced electricity rates for energy used for industrial purposes, in the total or partial exemption from taxes for a renewable 5-year period, and in the recommendation that government purchases of national products be given a favorable price within the limits of 10 percent, provided that they are not inferior in quality and specifications for similar imports.

Within the framework of its efforts to encourage industry, the ministry conducts industrial investment surveys, prepares economic feasibility studies for some projects that are important to the national economy, offers these projects to the private sector, and provides planned industrial sites and supplies these sites with services so that the industrial projects may be built on them. Al-Rusayl industrial zone covers an area of 100 hectares that are ready for exploitation and are divided into 125 plots that can be leased at the rate of one half Omani riyal per square meter for a renewable 25-year period. The number of industrial establishments built in al-Rusayl industrial zone by the end of 1987 amounted to nearly 40 establishments with total capital investments of 2,202,000,000 Omani riyals. The third, current, 5-year plan covering the 1986-90 period provides for establishing four more industrial zones, supplied with full services to facilitate the industrialization process, in the towns of Sahhar, Sur, Nazwa, and Raysut.

A study submitted by the Oman Chamber of Commerce and Industry to the sultanate's industrial investment seminar, held in Muscat and Sallalah from 24 to 27 September, notes that customs fees were levied from January 1979 to June 1988 to protect 12 Omani national products, including cement and cement byproducts, pipe, dyes, polyurethane byproducts, cardboard, vegetable oils, industrial detergents, and barbed wire. The study notes that 221 industrial incentives were given to industrial establishments in the period from 1979 to the end of last June—customs protection and exemption from fees on equipment and raw materials.

In a step taken to encourage industrial projects, the Ministry of Commerce and Industry has decided to offer soft-term government loans in accordance with sultan's Decree No 83/88 which established a system for advancing government loans and grants to private sector industrial projects as well as agricultural, fishing, mining, and quarrying projects. The total value of loans given to industrial projects from the start of the second 5-year plan, 1981-85, to the end of last June amounted to 21.35 million Omani riyals which was advanced to 62 industrial firms. With the onset of the third 5-year development plan, sultan's Decree No 40/87 on financial support for the private industrial and tourism sector was issued after it had been amended to be compatible with the requirements of the new phase. Tourism projects were added as recipients of financial support along with the industrial projects.

The study also noted that the sultanate's average industrial growth rate during the second 5-year plan, 1981-85, amounted to 46.87 percent and that the industrial sector's added value amounted to 249.5 million riyals, compared to an average growth rate of 55.17 percent and an added value of 42.9 million riyals during the first 5-year plan, 1976-80. The study also noted that the industrial sector's work productivity, measured by the value of a worker's production per day, was 13.67 Omani riyals per day in 1976 but dropped to 9.967 riyals per day in 1980, which is the lowest productivity level in the 1986-87 [as published] period.

#### **Capital Intensive Companies Started**

44000073b Muscat *TIMES OF OMAN* in English  
20 Oct 88 p 1

[Article by Meena Ganjvr]

[Text] An increasing number of capital intensive companies have started in Oman in the first two years of the third Five Year Plan beginning in 1986.

There were 656 companies with a total investment of RO 138,149,800 registered in 1986-87 compared with 1,931 firms with investment amounting to RO 176,246,400 from 1981 to 1985, according to statistics made available by the Ministry of Commerce and Industry.

According to these, 61 interest-free loans totalling approximately RO 21 million were provided to 58 industrial firms from the beginning on the second Five Year Plan until June 1988.

To give protection, the local industries, from January 1979 until June this year 12 types of imported products were subjected to tariff protection. The list of products currently under protection includes some kinds of pipes, cement, paints, cement pipes, vegetable oil, detergents and cement products.

In the first half of this year, 114 companies representing investment to the tune of RO 6,972,960 were registered, according to the figure.

Some of the categories of newly-licensed industries are: Textile, poultry slaughtering, shark processing, castor oil and castor cakes, tents and tarpaulins, polyethylene film, sheets and drinking straws, toilet soap, scouring and bleaching powder, metal cans, tipper and dump truck bodies, ferrous castings, water pumps and adhesive tapes.

The investment projected in the industries registered until June this year, which include preliminary registrations, represents 19.5 per cent of the total investment made in the manufacturing sector until the end of 1987.

The total investment in the manufacturing sector until the end of 1987 stood at RO 356,011,255 creating 25,078 jobs and annual wages worth RO 32,165,957. The newly-registered 114 industries would mean an addition of 662 jobs and an annual increase of RO 902,450 as wages.

#### Statistics

The statistics show that the contribution of manufacturing sector to Gross Domestic Product of the country at current prices has risen from RO 15.6 million in 1980 to RO 119.1 million in 1987. Although it has shown a continuous upward trend from 1975 until 1986 when it reached RO 178.3 million the last year saw a slight decline.

During the past two years a completely new industry-basic metal-with just two industrial units, recorded the largest investment of RO 89,200,000 as against nil since 1975 followed by non-metallic mineral products with RO 14,471,200.

The largest number of 326 units were registered in non-metallic mineral products, followed by 142 units in wood and wood product industries.

The Batinah area takes the largest share of the registered industries with 210, followed by Muscat with 105 units.

The remaining ones were registered in Interior (72), Jaalan and Sur (65), Dhofar-Southern (61), Sharqiyah (52), Dhahirah (39), Western Hajar (26), Buraymi (15) and Eastern Hajar (11).

In terms of investment too, Batinah leads with RO 89,713,000 followed by Muscat with RO 35,221,400 and Dhofar-Southern with RO 9,137,700.

#### Survey of Imports From GCC States

*Doha AL-'URUBAH in Arabic 20 Oct 88 p 28*

[Text] The value of Omani imports from Gulf Cooperation Council states (GCC) last year totalled 164.6 million Omani riyals (OR) which is equal to 23.5 percent of the Sultanate's total imports, while the value of Omani exports to the GCC reached OR 66.5 million which is 53.7 percent of the total exports. This was indicated in the foreign trade statistical annual review of the general customs administration of the Omani Police.

Regarding the Sultanate's imports and exports last year, the United Arab Emirates (UAE) occupied first place, with Oman importing an amount totalling OR 147 million while Omani exports including re-exports to the UAE totalled OR 55.4 million.

Saudi Arabia occupied second place, with the Sultanate importing an amount totalling OR 7.9 million whereas Omani exports amounted to OR 7.1 million. Bahrain, Kuwait, and Qatar followed; the value of Omani imports

from these three states were OR 5.4 million, OR 2.9 million, and OR 1.4 million, respectively while the value of the Sultanate's exports to the three states was as follows: Bahrain OR 1.5 million, Kuwait OR 1 million, and Qatar OR 1.4 million.

#### Stock Market Established

*44000073a Muscat TIMES OF OMAN in English  
20 Oct 88 p 1*

[Text] His Majesty Sultan Qabus has issued a Royal Decree setting up the Board of Directors of the Muscat Stock Market.

Under the terms of the Decree, the board will be headed by the minister of commerce and industry and its vice president will be the under-secretary to the Ministry of Commerce and Industry.

The 10-member board will include the director general of the market, the director general of commerce at the Ministry of Commerce and Industry, the director general of revenue and investments at the Ministry of Finance and Economy, the director of the department of research and statistics at the Central Bank of Oman and Zahir Hamad al-Harhi Dr Ali bin Muso Salim Said al 'Uraymi and Ahmad Mahfuz al-Shaykh.

The board has been set up following the promulgation in June of the Muscat Stock Market Law. Under the terms of the law, the board will draft the outline of the general policy of the market within the framework of the financial and economic policy of the state. It will submit recommendations to the relevant Government bodies with regard to aiding development of the market and safeguarding the funds.

The Board of Directors of the Muscat Stock Market has the power to suspend dealing in any registered stocks for such period as it considers appropriate. It also has the authority to suspend the activity of the market, if the need arises. During the suspension, dealing in stocks in the market will be prohibited for a period not exceeding three working days or one week with the approval of the minister.

If the suspension of the activity of the market for a period exceeding one week is required in the public interest, the minister will issue a decision to that effect, provided that the matter is referred to the council of ministers for its appropriate decision at its next meeting.

The board of directors of the Muscat stock market is empowered to determine the organisational structure of the market, defining the departments, sections and sub-sections and defining their general functions.

The board will determine the regulations relating to staff and employees of the market and special directives relating to the methods of selection and appointment,

conditions of employment and the scales of pay, allowances and remunerations. It will define the duties specifying disciplinary and dismissal procedures and compensation and all matters relating to the rights and duties of staff and employees.

#### Rules

The board of directors will prepare the drafts of the internal rules and regulations and issue the necessary directives for organising the financial and administrative affairs of the market, including authorising employees to sign on behalf of the market.

Among the powers of the newly-formed board of directors will be drafting directives regulating the income and expenditure accounts of the market, ratifying the annual budget, and preparing the projected annual budget of income and expenditure of the market before the commencement of the financial year.

The budget will become effective after ratification by the minister. The board will determine the requirements of stock issue prospects in the primary market, the conditions for registration of stocks in the regular, parallel or any other secondary market approved by the board for the circulation of stocks, the directives for circulation of stocks in the secondary market and the directives specifying procedures for set-off and settlement between the intermediaries and the public or the market.

The board of directors will licence intermediaries, prescribe their number, define the nature of their activities and prescribe the number of their agents. It will appoint experts and consultants to the market and fix the conditions of their contracts and service.

The board has been authorised to fix the Muscat stock market's commission for negotiation transactions, assignment and transfer of ownership of stocks, fix free scales for intermediaries and fix membership subscriptions, fees for approving stock issue prospectuses, annual fees for registration of stocks, fees for practising brokerage and service charges.

The board may levy fines on members, intermediaries and their agents who contravene the law, regulations and directives in force in the market. It will approve borrowings and fix the amount and terms of such borrowings and also exercise any other functions specified by the internal regulations.

The director general of the board will be the principal executing authority of the board.

The Muscat stock market has been set up in the Sultanate to organise and regulate the issuing of stocks. The purchase and sale of stocks in the market are to be transacted in accordance with the provisions of law.

An independent legal entity, the market is competent to dispose of and manage its funds and to carry out its activities on a commercial basis.

#### Wadi Tanuf Dam Under Way

44000096 Muscat *TIMES OF OMAN* in English  
6 Oct 88 p 13

[Text] A ceremony was held at Wadi Tanuf in the wilayat of Nizwa on Saturday to mark the start of work on a recharge dam.

It will have a capacity of one million cubic metres of water and is to occupy an area of two kilometres. The total cost of the project is RO 1.25 million and it will be completed in 11 months.

Speaking on the occasion, Agriculture and Fisheries Minister Shaykh Muhammad ibn Abdullah ibn Zahir Hina'i said the dam would bring prosperity to the farming community in the area.

He said the decision to construct the dam reflects the high priority His Majesty's Government placed on making the country self-sufficient in food.

The Government had an ambitious plan to conserve and tap groundwater resources. Studies were in progress to determine suitable site to construct dams, the minister said.

He added that 100 falajes and 600 wells were maintained during the past 2 years under the irrigation scheme.

The Ministry's projects were being carried out through the support of the Bank of Agriculture and Fisheries.

Discussing agriculture, Shaykh Muhammad said greater attention would be paid to the cultivation of fruit and grains, including wheat.

He asked people to take to farming seriously saying if more people were involved the area under cultivation would increase rapidly.

Shaykh Muhammad assured the farming community of the Government's continued support.

Director-General of Agriculture Abdullah ibn Hamdan al Wuhaybi, who also spoke, stressed the importance of agriculture in the diversification of the sources of national income and said improved irrigation would help raise food production.

The ceremony was attended by Agriculture and Fisheries Under-Secretary, Shaykh Ibrahim ibn Hamid al Harthi, walis of the Interior, members of the State Consultative Council and local dignitaries.

## SAUDI ARABIA

### Exports to ROC Increase

44000085 Jeddah ARAB NEWS in English  
12 Oct 88 p 3

[Text] Riyadh, 11 October—The Kingdom's exports to the Republic of China were up last year by 28.7 percent according to figures obtained here from foreign trade department at the Ministry of Commerce. The increase follows two successive years of drop. Exports amounted to SR3.6 billion last year against SR2.8 billion in 1986, SR4.6 billion in 1985 and SR6.4 billion in 1984.

However, imports from Taiwan showed a relative increase last year to SR2.9 billion over the previous year following three successive years of stagnant and decreased imports. The Kingdom's imports account for 3.8 percent of its total imports, while its exports amount to 4.3 percent of its world exports. Imports from Taiwan are mainly textiles and textile goods, in addition to footwear, base metals, accessories, electric and non-electric machinery, while the Kingdom exports mainly crude oil which generally accounts for a sizeable percentage of Taiwanese oil imports.

The trade flow between the two countries was hampered by some problems like imitations and forgery. The Taiwanese government has established special unit for quality control which has helped in reducing the number of cases spotted, but still imitation of famous brands is frequent, especially in auto spare parts, electric appliances and some construction materials. In addition, there is forgery, subjection to maritime piracy and lack of commitment to standards, it is stated.

Economic relations between the two countries go beyond mere trade to other areas. In a ten-year period ending in middle of 1986, the Kingdom has provided Taiwan with loans worth \$265 million. The recent one was a \$80 million facility to help finance a railway project. And under the auspices of the Saudi-Chinese Joint Committee, Taiwan has provided technical expertise to the Kingdom in the areas of agriculture, medicine, electric power generation, transportation and industry. It is estimated that more than 1,000 Chinese doctors and nurses are working in the Kingdom. The Taiwanese power company has maintained a mission of 75 engineers in the Kingdom since 1975.

There is also Saudi-Taiwanese joint ventures in the field of construction and petrochemicals, where Taiwan has participated in the al-Jubayl Fertilizer Co. (Samad) which started operation in 1983 with a production capacity of 500,000 metric tons of urea and increased by 20 percent last year. There are nine joint venture companies in the Kingdom—four in Jeddah, three in Riyadh and two in al-Jubayl.

### Article Describes Coast Guard Training Facility 44000094 Jeddah ARAB NEWS in English 18 Oct 88 p 2

[Text] Jeddah, 17 Oct (SPA)—Minister of Interior Prince Nayif will attend here tomorrow the graduation ceremony for the eighth batch of students of the Marine Training Institute of the Border Forces.

The commander of the Border Forces (Coast Guard) in the Western Province, Major General Sabigh al-'Uthman, said Prince Nayif will open new facilities in the institute including training centers and will hoist the flag over a number of new launcher vessels which recently joined the forces fleet. The fast and wide-bodied launchers are equipped with the latest navigational gear to allow close monitoring and surveillance along the Kingdom's coasts.

Founded 6 years ago to provide the Border Forces with qualified technical marine personnel, the institute started with two specializations for which 13 intermediate-level and 40 elementary-level students were enrolled. By last year the institute began offering 10 different specializations in marine and coastal studies. It is equipped to take up to 500 students and organize more than 60 training courses during the year including long-term and crash courses. The graduates will work as crew for the ships and patrol boats along the western and eastern coasts of the Kingdom. At present there are 466 officers and non-commissioned officers receiving training in the institute.

The graduate officers received extensive training in border security while the non-commissioned officers received long-term courses extending over 26 months including technical training and the use of various types of weapons. The institute has eight departments; namely marine navigation and arts, mechanical engineering, electrical engineering, electronic engineering, general sciences, military sciences, rescue and salvage and administration and logistics.

Students in the first section receive theoretical and practical qualification in marine navigation and signaling. Those studying mechanical and electrical engineering receive advanced training in welding and the operation and maintenance of mechanical and electrical equipment. The electronic engineering section offers training in computer systems and the operation and maintenance of software devices. The general sciences trainees receive studies in physics, mathematics and the English language. Those in the military sciences section are trained in infantry, physical education, military education and conduct, use of light weapons and the marine armament, military police and security.

Some students are trained in methods and techniques of sea rescue operations including rescue from drowning, underwater search and retrieving of lost materials from the sea. Others receive training in administration and

office works in the border military bases, storing and disposal of logistics, docking preparations for ships entering ports and ports security. The graduates from these various sections are qualified to hold training courses for personnel of the Border Forces. The training vessel Tabuk is used in the practical teaching of the students by arranging voyages along the territorial waters of the Kingdom.

## UNITED ARAB EMIRATES

### Official Discusses Far East's Role as Investment Market

44000086 Dubayy GULF NEWS in English  
11 Oct 88 p 11

[Text] ABU DHABI—A leading investment analyst has tipped the growing industrialised countries of the Far East as the high-return markets of the future. The forecast came from Harib Mas'ud al-Darmaki, the director of the Bond and Equity Department at the Abu Dhabi Investment Authority at a special foreign investment seminar staged in the capital.

He told a packed audience of banking delegates: "Over the past ten years, most of the growth has come from the East from Japan, Singapore, Hong Kong and Korea. Now however there are new countries coming on the horizon from that part of the world such as Thailand, Taiwan and India. I say India because it has growth potential it has the manpower and the markets. The growth in the East will be substantial."

He added that investors planning to take advantage of the coming markets would do better to concentrate on equities rather than bonds. "These countries," he said, "have high inflationary rates. In this kind of economic climate, bonds will not be able to protect the profits due whilst companies of course can increase their prices to match inflation, so it is obvious that equities offer a better return."

The seminar, organised by the Emirates Bank Association, dealt with foreign investment in theory and practice.

Al-Darmaki told delegates that at present most international capital is tied up or involved in direct investment by different foreign companies in countries other than those where they are operating or registered. The incremental size of this global asset management, he said, stood at SDR 58 billion at the end of 1986—a growth of some SDR 36 billion as compared with figures for 1978. The figures relate mainly to investment by the U.S., Japan, Germany and the UK.

The direct investment compares to a total bonds and equities investment overseas for the same major industrialised countries of \$132 billion at the end of 1987.

Al-Darmaki added: "However, over the recent past, portfolio investment has become very important especially during the 1970's and even more so during the 1980's at least if not in magnitude then it has been in impact on the world financial system. This has been so as some economies accumulated surplus funds that their own economies cannot absorb in its day-to-day economic needs at least not in the short term."

He added that in terms of size of market, the bond market is the largest in any given country in terms of capitalization. "The world bond market," said al-Darmaki, "is capitalised at \$9,402.6 billion as of the end of 1987. This is mainly government bonds as government debts mushroomed in the 1970's and still are a major problem in the U.S., not so much in terms of percentage of the Gross National Produce but in terms of absolute money involved."

The Departmental Director went on the urge diversification in domestic investment. It was, he said, "a very prudent policy."

The stock market crash last year, he said, highlighted once again the wisdom of diversification. "European markets, and in particular Germany and the UK stock markets suffered the most while that of Japan suffered less," he commented.

Foreign investments, said al-Darmaki, are on the increase and growing. "The potential for the growth for foreign investment is huge," he said, "as the proportion of potential overseas investable funds are very large. These reserves are mainly held by private and public pension funds. For example, investment of the private sector pension funds invested overseas have grown from \$21.1 billion in 1980 to \$190.3 billion by 1987. These figures are small in relation to the total pension assets of major countries which stood at \$1,543.9 billion which is expected to grow by 1985-1990 to 20 per cent in overseas investments and it is expected that total overseas investment by 1990 will grow to \$294.4 billion.

"Again the funds invested in cross-country equities has risen from \$3.1 and \$7.8 billion in the case of the U.S. and UK respectively in 1980, to \$25 billion and \$33 billion in 1986 respectively. The percentage of these figures are negligible in relation to the total assets as the percentages are 1 per cent and 7 per cent in 1980 respectively while only 3 per cent and 16 per cent in 1986."

### Statistics Show Increase in Abu Dhabi Trade

44000091 Dubayy GULF NEWS in English  
30 Oct 88 p 11

[Text] Abu Dhabi—Foreign trade through Abu Dhabi in the first 9 months of this year jumped by 27 percent to stand at Dh 666 billion, a rise of Dh 140 billion on figures for the previous year. Imports increased by 20 percent; re-exports by 52 percent and exports by 23 percent.

Machinery and transport equipment formed the bulk of the imports—it accounted for 40 percent of imports last month and increased by 50 percent on the total for the third quarter of last year. It amounted to a total of Dh 509 million.

Food and live animals was the second most significant in the import category representing 14 percent of the total. Last month the amount of food and live animals imported almost doubled mainly due to Dh 35 million worth of rice imported from Pakistan and Dh 8 million worth of live stock from Australia and Turkey.

The UK headed the league of exporters to the capital in the 9 months to the end of September, taking 15 percent of the market.

The United States was in second place with 14 percent; Japan was third with 13 percent with West Germany fourth with 11 percent.

The United States has managed to double its share compared with the same period last year, while West Germany, which headed the list in 1987 has slipped back.

On the re-export front, miscellaneous manufactured articles accounted for 37 percent of the trade; machinery and transport equipment totalled 35 percent and food and live animals, 28 percent. Just over half the re-exports went to GCC countries with Saudi Arabia taking 22 percent of the total. The bulk of the re-exports, 82 percent, were despatched by road.

#### **Statistics Reportedly Show Surge in Foreign Assets**

44000092 *Dubayy KHALEEJ TIMES in English*  
24 Oct 88 p 11

[Article by Raman Kapoor]

[Text] Though net foreign assets of the UAE monetary sector have surged during the past 3 years, the domestic credit utilisation has not undergone much change.

Capital and reserves of commercial banks have also shown a continuous decline during this period, while the total asset and deposit growth has shown a consistent uptrend. This is revealed in a survey by the UAE Central Bank.

Net foreign assets shot up from Dh38.70 billion in 1985 (December) to Dh48.57 billion in March 1988. The major part of the increase is seen for the commercial banks which spurt from Dh24.40 billion in 1985-end to Dh31.46 billion until the first quarter of 1988.

The central bank's overseas assets increased from Dh13.45 billion in 1985 to Dh16.32 billion last March. Though there was little change in the overseas assets of the restricted licensed banks (RLBs) which maintained a position of Dh0.79 billion in March.

The utilisation of domestic credit, which was Dh40 billion at 1985-end, stood at Dh39.80 billion in March. But the utilisation by the private sector during this period went up sharply from Dh33.80 billion in 1985 to Dh40 billion, which reflected a movement in the market activity.

The government's outstandings to the banking sector which stood at Dh10.20 billion at 1985 end reduced to Dh6.48 billion but the government deposits rose from Dh6.82 billion to Dh8.86 billion.

The change in net position of the government from debit (Dh4.44 billion) in March 1987 to a credit of Dh2.38 billion in 1988 March, has resulted from a settlement which took place at 1987-end between the UAE central bank and the Ministry of Finance and Industry; the amount was executed against the profits of the central bank for the 1987 and earlier years.

It is said the monetary supply until March 1988 touched Dh10.5 billion, private liquidity was Dh56 billion and the overall domestic liquidity was Dh64.8 billion.

The central bank's assets stood at Dh18.19 billion at March end 1988, a drop of Dh274 million when compared to the corresponding period a year ago.

The total capital and reserves of the commercial banks which stood at Dh14.28 billion at 1985 end, declined to Dh12.95 billion this March end.

The banks' total assets, which stood at Dh97.83 billion in 1985, rose to Dh107.65 billion at 1987 end, but lowered to Dh106 billion in March. But when compared to March 1987, there has been an increase of Dh3.6 billion.

The foreign assets declined by Dh797 million to Dh47 billion mainly because of the banks' withdrawal of their placements abroad to cover their domestic commitments. The same period saw an increase in the total claims which grew to Dh49.26 billion against Dh47.45 billion in March 1987. During the above one-year period, the deposits with the central bank increased by Dh2.5 billion to Dh7.13 billion in March 1988, mainly because of their purchases of certificates of deposits from the central bank.

The foreign liabilities declined by Dh2.4 billion to Dh15.56 billion, mainly because of the decrease in amounts due from the head office and branches. The total deposits increased from Dh54.22 billion in March 1987 to Dh57.50 in March this year. Other liabilities also increased by Dh2.5 billion to Dh20 billion.

The central bank reveals the claims constituted 46.5 percent of the total assets in March 1988, while the foreign assets constituted 44.4 percent of the total. On the liabilities side, the total deposits formed 54.2 percent while the foreign liabilities constituted 14.7 percent.

The increase of Dh2.3 billion in the bank credit to Dh54.2 billion during the one-year period was mainly due to loans and advances and overdrafts which amounted to Dh45.2 billion.

The real estate mortgage loans declined from Dh3.1 billion to Dh2.9 billion. The bank credit to the non-residents grew to Dh5.4 billion against Dh4.9 billion in March 1987.

The RLBs' activities showed some improvement during the year with their aggregated balance-sheet increasing by Dh264 million to Dh2.2 billion at March 1988. Their placements with banks abroad increased to Dh1.15 billion in March 1988 as against Dh781.5 million in March 1987.

During the same period RLBs' borrowings from banks abroad increased by Dh288 million. The RLBs' net position with banks abroad changed from a debit balance of Dh48.6 million to a credit balance of Dh39 million.

Their transactions with the domestic banks show a decline of placements from Dh102.5 million to Dh81.7 million.

But the RLBs' borrowings from domestic banks increased slightly from Dh789 million to Dh831 million during the same period.

#### **Al-'Utaybah Accuses West of Manipulating Oil Prices**

4400087 *Dubayy GULF NEWS in English*  
9 Oct 88 p 13

[Text] ABU DHABI—The President of the Abu Dhabi Chamber of Commerce and Industry, Said Ibn al-'Utaybah has launched a scathing attack on the West accusing it of manipulating oil prices in order to curb OPEC's influence on the international market.

And, he has warned that the ending of the Iran-Iraq war and the frantic desire of both countries to rebuild their economies are being used as key pawns in what he sees as a game of manipulation.

The attack comes in the latest edition of the Chamber's magazine. Al-'Utaybah says the recent decline in oil prices coming less than two months after the ceasefire agreement, has been too much of a coincidence.

He discounts the general opinion that prices have fallen due to a belief that both countries are flooding the market with oil in an attempt to boost much-needed revenues.

"Both Baghdad and Tehran," he asserts, "are still incapable of increasing their oil exports to a level which considerably exceeds their level prior to the war.

"The explanation of this coincidence between oil prices' decline and Western concern for the reconstruction operation," he adds, "may have to be indispensably thought of as being along the renewed old Western line of depriving OPEC's oil from its significant influence in world markets and exhausting it through imposing pressure on its prices, and at the same time, such decline in oil prices may be a preliminary step in preparation for transferring the peace gains to locations outside of the region in exactly the same way in which the war gains were transferred."

The president admits that eventually both Iran and Iraq will increase production to finance their reconstruction programmes and this, he says, will give the West the chance to kill two birds with one stone.

"Pushing the two warring countries to increase their oil production will not only lead to their exhaustion but also to the exhaustion of the countries of the entire region.

"From the oil side, Baghdad and Tehran will be compelled to pay more barrels of low-priced oil as a price for the reconstruction plan which both countries consider as their top priority while other countries in the region will pay also a larger number of these barrels for facing their public expenditures and financing their imports. On the other hand, if the countries of the region were given the opportunity to participate directly in the expected reconstruction operation or to benefit from the commercial and industrial activities resulting from such reconstruction operation, then any profits which these countries may gain from the expected reconstruction boom on the one hand will be equivalently or exceedingly paid for by a result in the decline in oil prices on the other hand."

Al-'Utaybah backs up his claim saying several obvious moves made in the West add weight to his belief.

Amongst the most significant, he says, is the speeding up of oil stock-piling and the adoption by both American Presidency candidates of a policy of re-opening U.S. oil wells while maintaining outside producer prices at considerably low levels.

The warning signs, says the President, are there and point to an urgent need for OPEC to regroup.

"OPEC," he warns, "is required now, more than at any other time before, to rearrange its cards with efficiency and reality in a way which ensures that the oil game will not again be utilised against OPEC countries and, in our

opinion, this necessitates oil security stabilisation through the achievement of harmony between Iran and Iraq at the oil front whether through eliminating differences or by discontinuing over production because the peace route does not only pass through Geneva but through Vienna as well."

**Article Describes U.S. As Playing Foul With Garment Quotas**

44000093 *Dubayy GULF NEWS in English*  
26 Oct 88 p 13

[Article by Rohini Singh]

[Text] Exporters the world over must be nervously awaiting the outcome of the 8 November U.S. Presidential election.

Will the next president advocate or quell distinct economic blueprints, representative of both the laissez-faire and protectionist schools of thought?

Unfortunately, the UAE's garment industry has been targeted by the present administration's diametrically opposing, yet convenient trade policy.

Since July the industry has been experiencing a stalemate over the proposed quotas by the United States. This underscores another patently obvious example of U.S. intervention in free trade when it's advantageous.

To date, no decision has been made by representatives of both countries, and further talks will be postponed until December as the U.S. Trade Regulation's (USTR) office schedule is full.

The USTR has, however, enforced the establishment of a visa requirement for all textile and apparel products from the UAE. This visa arrangement will go into effect from 1 January. It will require exporters in the UAE to have their textile and apparel goods stamped with visas to provide evidence that the goods are "actually made in the UAE and not transshipped from other countries," according to a statement issued by the USTR.

This may be a delayed reprimand by the United States reacting to prior indiscipline among a fringe group of manufacturers. This prerequisite of 'visa' should effect an unswerving compliance of acceptable business practice.

Nevertheless, the crux of the issue, according to the USTR is 'the U.S. concern on rising imports from an uncontrolled non-MFA (Man Made Fibre Agreement) which in their eyes will frustrate and undermine U.S. efforts to promote orderly growth of imports through the bilateral agreement negotiated under its auspices.'

This is a response to the competitive prices of the UAE which average between 60 to 70 percent of the domestically produced prices and are 30 percent lower than cotton and man-made fibre categories than other foreign suppliers. Thus, the United States wants to control this market and blunt the competitive edge acquired by the UAE industry.

It is mandatory the UAE negotiates to obtain entry and become signatory to the MFA agreement. It must impress upon the United States that UAE promotes and practices democratic adherence to free trade policies with all countries and that the level of imports from the United States far exceed the level of exports.

The diverse ramifications of the imposition of quotas must be kept in mind. The relatively young garment industry today employs 9,000 expatriates and has pumped in revenue to the economy exceeding \$50 million. To nip this industry would be critical to future development of other industries in the UAE.

Negotiators must attempt to buffer the quota issue by demanding for a categorical maintenance of the already existing export capacity established within the UAE. They must set a precedence and not appease gracefully to the U.S. demand.

The United States may be in the seat and can unilaterally impose quotas, but the UAE must bargain for the maximum concessions.



## INDIA

### **Call To Identify Areas for Indo-USSR Ventures** 46001100 Bombay *THE TIMES OF INDIA* in English 29 Sep 88 p 11

[Text] New Delhi, September 28 (PTI): The Union minister of state for commerce, Mr P. R. Dasmunshi has called upon the business community of India and the USSR to identify the specific fields in which agencies of the two countries could participate to mutual economic advantages.

He expressed confidence that both sides would give the highest consideration to such business proposals in view of the fact that India is the largest trading partner of the Soviet Union among the developing countries and in view of the special rupee-payment arrangement that characterises the Indo-Soviet trade.

Mr Dasmunshi said the rupee-payment arrangement had stood the test of time over the past 30 years, and had helped the Indo-Soviet trade to reach its present heights. He was addressing the seventh meeting of the joint business co-operation agreement between the Federation of Indian Chambers of Commerce and Industry (FICCI) and the USSR Chamber of Commerce and Industry here on Wednesday.

Mr Dasmunshi recalled that the Soviet Prime Minister, Mr Nikolai Ryzhkov during his visit to India in November, 1987, had informed representatives of Indian trade and industry that the Soviet Union would provide ample opportunity to Indian industrialists to set up joint ventures with Soviet organisations in different fields, not only in India and the USSR, but also in third world countries.

Towards this end, it has also been assured that necessary powers would be delegated to various Soviet organizations to deal directly with Indian business.

### **CPI-M Politburo Member Answers CPI Criticism** 46001102 Calcutta *THE TELEGRAPH* in English 27 Sep 88 p 4

[Text] New Delhi, Sept. 26: The sudden revival of the CPI-CPI(M) debate has received a fresh fillip with the CPI(M) politburo member, Mr H. S. Surjeet, issuing a strong rejoinder to an article appearing in the last issue of the CPI weekly, *NEW AGE*.

Mr Surjeet's article, slated to appear in the forthcoming issue of *THE PEOPLE'S DEMOCRACY*, reiterates that "programmatic" differences led to the split in the Communist party in 1964 and refutes the CPI's charge that the CPI(M) is against future communist unity.

The whole debate began when Mr Surjeet spoke at the silver jubilee celebrations of the CPI(M) Malayalam journal *CHINTA*, at Ernakulam and touched on the

question of the 1964 split and its consequences. Mr Surjeet is reported to have said that "If the communist movement had not split, the CPI would have degenerated into a third-rate undivided force and there would have been no one to bear the banner of the working class." This point was only made in passing in the course of a three-hour-long speech to party cadres on the history of the CPI(M), but caught the attention of the CPI leadership.

In an article in *NEW AGE* last week, the CPI leader, Mr Raja Sekhar Reddy, had sharply attacked the CPM's attitude and asserted that the basic reason for the split was not differences over internal questions, but differences over international affairs. He had also attacked the CPM for being too overbearing and working against communist unity.

In a long article, Mr Reddy had said, "The main obstacle to communist unity is the narrow-minded attitude of the CPM leadership. They perhaps think that a division is in the interest of their party even if it is not in the larger interests of the communist movement and the country's progressive development."

Mr Reddy had accused the CPM of deliberately destroying chances of unity, "In order to immunise their ranks from ideas of communist unity, they indoctrinate them with hatred for the CPI. They are more intolerant of any of their ranks defecting to the CPI than those defecting to the Congress(I), or even to the RSS."

Strongly refuting this, Mr Surjeet has said, "It will be slander to say that we, our party, indoctrinated our ranks with hatred for the CPI. United actions during the last two years is a concrete refutation of this allegation. Can they deny that in most states, the initiative was taken by the mass organisations led by our party and the result was powerful united actions and a tremendous response on behalf of the people?"

Obliquely upholding the view that the CPI split and the correct line adopted by the CPM helped the latter to grow, Mr Surjeet says, "But the CPI leaders have tried to argue as if we are responsible for their isolation. If the policy of a party is correct, no force can isolate it. For many years, we were under attack from various quarters and from the ruling party in the country. We faced criticism from various sections of the international communist movement, but nobody could check the advance which we were making because we based ourselves on the understanding of Marxism-Leninism."

The rest of Mr Surjeet's article goes into the details which led to the split. He reiterates the CPM's unwavering stance that the differences were over the characterisation of the Indian state and the ruling class and, thereby, the party's attitude to the Congress.

While the section which eventually left to form the CPM viewed the Indian state as a "bourgeoisie landlord" state where an alliance between the working class and the bourgeoisie was impossible, the CPI felt an alliance with the progressive sections of the bourgeoisie was possible and advisable in order to build a "national democracy." They also accepted the Indian National Congress as a part of the progressive bourgeoisie.

Mr Surjeet's article refers to the various party congresses of the undivided CPI, where the programmatic differences were sharp, eventually leading to the split. It discounts the view that international issues affected the scenario.

At the end of his thesis, however, Mr Surjeet agrees that it is essential for the two parties to unite. He says, "We are not averse to any debates but concrete issues have to be posed and debated. The indiscriminate attacks in this article do not help towards a healthy debate."

#### **Delhi Announces Reconstituted Press Council Members**

46001099 Bombay *THE TIMES OF INDIA* in English  
29 Sep 88 p 7

[Text] New Delhi, September 28 (PTI). The government today announced a reconstituted 28-member Press Council of India.

According to a notification issued here, the three editors of Indian language newspapers in the council are Mr Uttam Chandra Sharma, Mr Hari Narain Nigam and Dr N. K. Trikha while the three editors of newspapers other than Indian language newspapers are Mr Prem Bhatia, Mr B. G. Verghese and Mr M. Y. Bodhankar.

The four journalists other than editors of Indian language newspapers are Mr Sunit Ghosh, Mr S. V. Jayasheela Rao, Mr Raghuvir Sahay and Mr Gulab Batra while the three journalist members apart from editors of newspapers other than Indian languages are Mr P. Raman, Mr K. Vikram Rao and Mr Naresh Rajkhoo.

The two members who own or carry on the business of big newspapers are Mr Tuhin Kanti Ghosh and Mr Mahendra Mohan Gupta, while the two who manage medium newspapers are, Mr Jamna Das Akhtar and Prof S. S. Bhatia, Mr Moin Farooqui and Mr Satish Khurana represent the small papers in the council.

The former general manager of the Press Trust of India, Mr N. R. Chandran has been nominated for news agencies.

The three persons having special knowledge or practical experience in education, science, law, literature and culture are Prof K. Satchidananda Murty, who has been nominated by the University Grants Commission, Mr P.

Vishwanatha Reddy, who has been nominated by the Bar Council of India and Prof Indra Nath Choudhuri, nominated by the Sahitya Academy.

The three members of Lok Sabha nominated by the speaker are Dr S. Jagathrakshkana, Mr Umakant Mishra and Mr D. P. Yadav, while the two members of Rajya Sabha nominated by the chairman are Mr Anand Sharma and Mr M. S. Gurupadaswamy.

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#### **Floods Cause Reduction in Fall Harvest Estimates**

46001101 Calcutta *THE TELEGRAPH* in English  
29 Sep 88 p 6

[Text] New Delhi, Sept. 28 (PTI): The current spell of widespread rains and floods in Punjab, Haryana, Himachal Pradesh and Jammu and Kashmir has caused an estimated loss of about 1.6 million tonnes of foodgrains in the just-ending kharif season, sources in the agriculture ministry said here today.

Bulk of the loss—nearly one million tonne, mainly rice—came from Punjab, which is likely to reduce the country's anticipated record kharif production of 97 million tonnes to less than 96 million tonnes, they said.

In its effort to maximise foodgrains production, the government had raised the target for the total foodgrains production in 1988-89 to 166 million tonnes. This included the present kharif target of 92 million tonnes and the ensuing rabi target of 74 million tonnes.

Though the country would be losing over one million tonne of foodgrains because of the floods, the good monsoon and the floods are expected to have a beneficial effect on the coming rabi season, with a lot of moisture content retained in the soil, the sources said.

The state agriculture secretaries and commissioners are meeting at a two-day national conference convened by the agriculture ministry, beginning here tomorrow, to finalise the strategy for the coming rabi season. They are expected to endorse a target of 74.07 million tonnes. This represents an increase of seven to eight million tonnes over the estimated production in the last rabi season.

The national conference will not only discuss measures for optimising rabi production through the supply of adequate and timely inputs like fertilisers and seeds, but would also take stock of the current kharif crop, especially further support measures for kharif harvesting, and post-harvest operations.

The conference will also scrutinise the special foodgrains production programme launched by the Centre in 169 selected districts, to make it more effective for the rabi

season. The focus on the special programme is on productivity in rice, oilseeds and pulses through the watershed development or rain water harvesting in dry-land areas.

Discussing the kharif prospects, sources said the bulk of the anticipated four-million-tonne excess production would come from coarse cereals like jowar, bajra barley, etc. They said the dry weather, beginning in the northern states now, is expected to not only dry the harvested grains without much colouring, but also in protecting the coarse cereals.

Though the losses in Punjab may turn out to be rather heavy, they may be only marginal in Haryana, an anticipated 0.2 to 0.4 million tonne. Losses in Himachal Pradesh and Jammu and Kashmir are likely to be only minimal, the sources said.

They claimed that the thrust programme in Bihar, Orissa, Assam, to raise the productivity of rice had made a good beginning with the per hectare yield of rice going up from 1.2 tonnes to 1.8 tonnes per hectare, in projects launched by the Centre.

**Paper Reports on Gandhi-Ershad Talks, Outcome**  
46001104 Madras THE HINDU in English  
30 Sep 88 p 1

[Text] New Delhi, Sept. 29. India and Bangladesh today agreed on a time-bound approach to harness the massive quantities of water that flow down the rivers common to them for productive purposes as well as to mitigate the untold sufferings that monsoon floods in these rivers cause to the people of the two countries.

The Bangladesh President, Lt Gen H. M. Ershad, and the Prime Minister, Mr Rajiv Gandhi, after daylong deliberations, set up a task force to take a fresh look at short as well as long-term measures already proposed by experts to deal with the floods in the Ganga and the Brahmaputra. The task force, which would be co-chaired by India's Water Resources Secretary, Mr Naresh Chandra, and Bangladesh's Irrigation and Water Development Secretary, Syed Shamim Ahsan, as given six months to submit its report.

As a result of the agreement between the two heads of Government, earlier attempts by certain quarters to give the water management problem in the two countries a multilateral dimension would no longer complicate an issue that is essentially bilateral in character. An official spokesman clarified after the talks that the efforts to tackle the flood and allied problems would be based entirely on joint or bilateral efforts. This would not preclude the possibility of obtaining data from their countries where some of the rivers originate.

## Two Other Issues

Although water management and floods were not the only issue that figured in the talks between the Bangladesh and Indian delegations, the agreement on setting up a task force was the only item that was mentioned in a brief communique issued at the end of the parleys that lasted six hours. Mr Gandhi and Gen Ershad had talks without aides for half-an-hour. The total duration of the talks was much longer than originally planned.

The official spokesman said the current Indo-Bangladesh agreement on sharing the Ganga waters, which is due to expire on November 5, is not being renewed. It is expected that before the dry season reaches its leanest phase, the task force would give its report.

It is known that the question of the Chakma refugees awaiting repatriation from Tripura to Bangladesh as well as the declaration of Bangladesh as an Islamic republic also came up for mention, and India's views on both these matters were made known to Gen Ershad and his delegation members.

The preemptory orders of the Bangladesh authorities for the recall of the helicopters sent there by India for the distribution of flood relief materials did not escape attention during the parleys. Gen Ershad was stated to have expressed his deep regret at the incident and explained that the unwarranted action was taken without his knowledge by officials at a lower level. Technical difficulties were cited as the reason for asking for the helicopters' withdrawal.

The sudden visit of the Bangladesh President to Delhi at short notice for a day was at his own instance, apparently because the particularly severe nature of this year's floods in his country has created a fresh awareness that measures to deal with the annual problem brook no delay. The compulsions of geography leave no option other than joint efforts to tackle the problem. India minced no words in expressing its displeasure to the Bangladesh delegation at the sedulous propaganda that this country was responsible for the floods in Bangladesh.

The tenor of the talks between Mr Gandhi and Gen Ershad and the officials on the two sides gave the impression that Bangladesh has given up the stubbornness with which it has hitherto refused even to examine the Indian proposal to link the Brahmaputra and the Ganga by a canal, a part of which would cut through Bangladesh's northwestern tip. India formulated the link canal proposal on the basis of very extensive and expensive studies made some 10 years ago. It would take off from the Brahmaputra at Jogighopa in Assam's westernmost district of Dhubri and join the Ganga above Farakka in West Bengal.

The Joint Rivers Commission, which India and Bangladesh had set up soon after the latter's emergence as an independent nation, has done a lot of studies on the

water management problem, but failed to make any mutually acceptable scheme. The task force now set up would take off from where the Commission left off.

### **Papers Report on Visit of Soviet Defense Ministry Team**

#### **Arrival, Team Members**

46001103 *Calcutta THE TELEGRAPH in English*  
27 Sep 88 p 4

[Text] New Delhi, Sept. 26: The Soviet defense minister, Gen Dmitry Yazov, who arrived here today at the head of a high-powered delegation, held a preliminary round of talks with his Indian counterparts on expansion of defense cooperation between the two countries.

Gen Yazov called on the defence minister, Mr K. C. Pant, at his office in the afternoon. Later the two leaders led their delegations in the preliminary talks. The eight-member Soviet delegation would be visiting several defence establishments in the country during its five-day stay here.

The Soviet delegation will visit Chandigarh, Agra, Jodhpur, Nashik, Goa and Bombay. It is expected to hold talks on the question of licensed production of MiG-29 aircraft and survey the defence establishments where Soviet weapons systems are being maintained and manufactured. The talks are also likely to cover issues relating to Mr Mikhail Gorbachev's visit in November. Gen Yazov also called on the President, Mr R. Venkataraman, at the Rashtrapati Bhavan. He was with the President for about 40 minutes, reports PTI.

The Soviet delegation includes the marshal of aviation and commander-in-chief of the Air Force, Mr A. N. Yefimov, the commander-in-chief of the naval forces, Adm Gen V. N. Chernavin, the deputy defence minister and Army Gen V. M. Shabanov, the deputy chairman of state committee for foreign economic relations, Adm Y. P. Grishin, chief of the main department (armed forces general staff) Col Gen E. E. Kondakov, the assistant to the defence minister, Adm. S. S. Turunov, the representative of the foreign ministry, Mr N. I. Kozyrev, and the chief of foreign relations in the defence ministry, Rear Adm V. Zh. Huzhokov.

The Indian delegation includes the minister of state for defence, Mr Chintamani Panigrahi, the three services chiefs—Gen V. N. Sharma, Adm J. G. Nadkarni and Air Marshal S. K. Mehra—the defence secretary, Mr T. N. Seshan, the secretary of defence production and supplies, Mr P. C. Jain, the secretary of defence research and development, Dr V. S. Arunachalam, the additional secretary, ministry of defence, Mr N. N. Vohra, the officer on special duty, ministry of external affairs, Mr Rajiv Sikri and the joint secretary.

#### **Outcome of Visit**

46001103 *Madras THE HINDU in English*  
30 Sep 88 p 1

[Text] New Delhi, Sept. 19—The five-day visit of the high-level Soviet Defence delegation ended today. As per the usual procedure, officials refused to comment on the nature of the talks in any but the most general fashion. However, it is certain that agreement in some important areas of defence has been arrived at.

An official communique issued at the end of the talks indicated that both sides had discussed a number of international issues as well as the situation in south Asia. It said that while expressing satisfaction at the development of cooperation between India and the USSR, in a number of fields, they reviewed cooperation in the supply of defence equipment and development of defence production industry in India.

The Soviet delegation comprised the Defence Minister, Gen Dimitri Yazov the Navy and Air Force chiefs and the Ambassador-at-large Mr Nikolai Kozyrev. It may be recalled that India's Defence Minister visited the USSR in February at the head of a large delegation. The previous visit by a Soviet Defence Minister was in 1982 by Marshal Unstinov. Since the previous sequence of such visits resulted in important arms transfer agreements, it can be assumed that the result of the Pant-Yazov visits will also usher in a new phase of Soviet-Indian military cooperation.

Given the sudden Indian interest in the Afghan issue, the Soviets have come prepared. However, beyond keeping each other informed of the developments, there is likely to be little by way of cooperation or coordination of strategy.

Special significance: The visit of the delegation assumes special significance coming as it does, at a time when the Soviets have completed the deliveries of the equipment contracted for in the early Nineties, namely the Kilo-class subs, the MIG-29s, and T-72 tanks and the severe resource crunch that has compelled India to turn to the Soviets as the principal arms suppliers. Then, the Bofors and HDW scandals have brought into focus the pitfalls of the policy of diversifying sources by obtaining weapons from the West.

The areas where agreements are likely to be arrived at will be for the acquisition of additional MIG-29s to complement the force of two squadrons raised already. This may be through licensed production arrangements. Another item likely to have been discussed is that of acquiring additional Kilo-class submarines. India has recently taken delivery of INS Sindhuvir, the fourth and the last in the series of an earlier order, and with the failure of the negotiations to acquire additional HDW type-1500 submarines from the Federal Republic of Germany, the Soviet Union is likely to supply an additional number.

During the Defense Minister, Mr Pant's visit to the USSR, the Soviets had offered to supply the design assistance for the indigenous aircraft carrier project on the basis of their successful Kiev class ships. Since the Indian Navy is seeking a vessel closer to the Kiev in size, there are good chances that the Soviet offer will be accepted.

**Advanced jet trainer:** The Soviets are also aware that India has been shopping around for an advanced jet trainer for the IAF. The deal in which some Western firms are reported to be front-runners has been held up because of the Bofors/HDW issues as well as the severe resource crunch. The Soviets have a different training philosophy, but they have proposed that a good trainer based on the MIG-21 can be made and since India has the production facilities for the aircraft, it would be a far more inexpensive proposition.

The Soviet Union may also step into another area, the supply of a combat helicopter for the Army. The Army had been interested in the Italian Mangusta, but it may be compelled to accept the MI-28 a highly capable Soviet machine. In fact, there are already reports that the army has signed up for the MI-28.

**Interest in Defence R&D:** Another major area of interest for the Soviets is that of Defence Research and Development. The Soviets have somewhat late in the day realised that their important Indian connection in the arms transfer area is being endangered by the growth of domestic R&D especially since Western firms are stepping in to supply critical technologies not available in India. The experience of missing the bus in the LCA programme into which the U.S. and France have made important inroads has convinced them that they cannot ignore this area. Therefore, the talks are likely to see a greater Soviet interest in Indian Defence R&D.

Besides contracting for new programmes, the talks would have seen an agreement on upgrades of the existing equipment such as missiles, tanks and naval equipment. The Soviet design philosophy is one of incremental improvement of tried and tested systems. Therefore, continuous interaction is invaluable in keeping track of the improvements being fielded. One area that is of great interest to India is that of the T-72 upgrade. India would specifically like to obtain the technology for the reactive armour that the Soviets have fielded in their tanks as well as improved thermal imaging systems for the T-72 which currently uses an obsolete infra-red searchlight which adds to the vulnerability of the otherwise fine tank.

**Writer Assesses 'New Power' of Indian Navy**  
46001096 Calcutta *THE TELEGRAPH* in English  
(Supplement) 25 Sep 88 pp 10-14

[Article by S. Srinivasan]

[Text] Major navies are set apart from the others by the acquisition of fixed-wing carrier-borne aircraft and nuclear submarines. India now belongs to that very select

club which has both, and the transfer of a "Charlie" class SSGN from Vladivostock to Vishakhapatnam in February this year is the clearest statement yet that she intends to have a navy which can not only dominate others in the region but also "raise the cost of intervention by superpowers...."

In addition to the SSGN, a third Soviet "Kilo" class diesel submarine has arrived from the Baltic with three more expected at the rate of one a year...the number of Soviet "Kashin" class DDGs continue to increase though there is still no sign of the projected delivery of the first "Kresta" class cruiser. The latest "Godavari" class frigate is said to have raised the indigenous content of the ship to a record 72 percent and the first "Khukri" class corvettes have been completed with two more being built and a further eight projected. Mine warfare and amphibious ships are also growing in numbers. Whatever the true purpose of the build-up of this fleet...military expansion cannot be excluded....

This rather flattering—and somewhat reprimanding—appraisal of the Indian Navy occurs in the latest (1988-89) edition of that Bible of all seafaring men: "Jane's Fighting Ships." Indeed, the significant expansion of Indian naval power over the last year has not gone unnoticed in the ever-paranoid West. Even as the latest edition of "Jane's" was rolling off the press, an Australian expert on India, Robin Jeffrey, wrote in the highly respected INTERNATIONAL HERALD TRIBUNE:

"There has been an impressive build-up of India's naval power in recent months. Officials and analysts in countries around the Indian Ocean wonder why...some foreign critics saw the expansion, and dependence on the Soviet Union, as indications of sinister Indian designs on everything from Aden to Adelaide. Indian apologists justified the naval expansion unconvincingly, stressing old feuds with Pakistan and China. Critics asked whether a few Chinese submarines in the Indian Ocean, and even sophisticated American missiles in Pakistan, adequately explained the need for two aircraft carriers, a third on the drawing boards, nuclear submarines and construction of major bases."

The article went on to analyse the reasons for the "remarkable success" of India's naval lobby: the 1965 scare of suspected Indonesian designs on the Nicobar Islands; the menacing presence of the US Seventh Fleet in the Bay of Bengal in 1971; the increase in U.S. arms supplies to Pakistan since 1979; the superpower presence in the Gulf; India's increased investment in oil drilling off the west coast; and her "desire" to deter "united Islamic support for Pakistan."

Jeffrey was kind enough to term these reasons "intelligible" but nevertheless concluded by questioning the "wisdom, not to say morality, of pouring hundreds of millions of dollars into a blue water navy when more than 60 per cent of India's people still do not have suppliers of clean water to drink."

The self-righteousness and discomfort of Western analysts apart, it is worth appraising the capabilities of the Indian Navy which is now the eighth largest in the world. It is what experts call "balanced" in the sense that it has consolidated its strike and defensive power in the air, on the surface and underwater.

The modern, vertical-takeoff-and-landing combat aircraft, the Sea Harrier, and the Soviet long-range reconnaissance aircraft, the TU-146, have given the Navy a reach it never had before in the sky. There is talk of augmenting the early-warning helicopter fleet too. The new aircraft carrier, Virat, has added to the Navy's core strength while the new super-fast destroyers and missiles give it a punch which few navies outside the U.S. and Europe possess. India is also buying the British anti-ship missile, the Sea Eagle, to counter Pakistan's deadly U.S.-supplied submarine-to-ship Harpoons.

It is the expansion of the Navy's submarine wing that has really attracted international attention. INS Chakra, the Soviet nuclear-powered "Charlie" class sub, signifies a quantum leap in the Navy's development. Further, the freshly acquired state-of-the-art German HDWs, which play a hunter-killer role, and the ocean-going Soviet "kilo" class subs form a lethal combination.

Indian shipyards have long had the capacity to design and build warships indigenously. The Leander class frigates were built under licence: this was followed by indigenous "Godavari" frigates and now corvettes are under construction. This would form the basis for work on a new class of guided-missile destroyers. Added to all this is the latest electronic communications system.

Even geographically the Navy is expanding. The country's biggest naval base is being planned at Karwar in Karnataka. It will have an exclusive naval air station, a ship-building yard and facilities that can berth the biggest vessel the Indian Navy has or is likely to get in the foreseeable future. Work on the Rs 350-crore project named "Sea Bird" has already begun.

But as far as Indian spokesmen are concerned, all this is legitimate expansion and the West has unnecessarily raised its eyebrows. The so-called "sinister Indian designs" are dismissed with the comment, "India can neither afford that capability nor is the government planning for it," by Air Commodore Jasjit Singh, director of the Institute for Defence Studies and Analyses (IDSA), New Delhi.

India's justification for her navy's modernisation programme is that she has to keep up with the ongoing global technological race and also make her defence expenditure cost effective. The expansion programme, it is explained, is aimed at filling up inadequacies in the existing defence set up and replacing ageing war machines. Further, Moscow and Delhi neither have any

alliance nor a protector-client relationship. Politically, it is stressed, India is a nonaligned nation legitimately interested in safeguarding its resources.

According to Air Commodore Singh, the perception of these imaginary threats from India is set out for and on behalf of the U.S., and is directed towards the Asean countries, Pakistan and other South Asian states so that they get the message that it is important to have close links with the U.S. He questions, "Can't the Indian Navy strive to protect its legitimate sea lanes when the West marches to protect sea lanes in the Persian Gulf and Arabian Sea with a capability 50 times over ours?"

Mr Mohan Guruswamy, a political activist and defence expert, goes to the extent of saying that India's, in fact, is an inadequate navy. At best, he says, it can be called a "Pakistan-fighting navy" which has no deterrent ability against anything larger.

The former chief of the naval staff, Admiral R. H. Tahiliani, dismisses comment in the Western press as "disinformation" asking that if one compared the statistics depicting Indian naval power with those of any other country with comparable maritime interests, could one say we are too big?

Vice-Admiral (Retd) S. Mukherjee too questions. "Why should only the West have strong navies and not us?" He does not see any reason for concern as there has been no phenomenal increase in the number of warships the Navy has now over what it had in 1961. India then had one aircraft carrier, two cruisers, 17 destroyers and frigates and a number of coastal vessels. The technology available was contemporary; why did they not raise any eyebrows at that time, asks the admiral.

The very fact that an international debate has been engendered, speaks volumes for the multidimensional growth of the Indian Navy. In 1947, the British had left behind a handful of old frigates and minesweepers. The next decade saw the expansion of the Navy as the British offered new warships in lieu of the sterling balance in favour of India. Those were the heady days of the Indian Navy. No neighbouring states, including the littoral ones, had comparable naval power. India was way ahead of Indonesia, Singapore, Malaysia, Oman, Iran, Iraq, Yemen, Pakistan and even South Africa. Pakistan had a pathetic "row boat navy." The share of the Navy in defence expenditure was well over 12 percent.

However, in the 1960s, the Chinese intrusion and the confrontation with Pakistan resulted in the Navy's portion sliding down to just two percent as the lion's share of the defence budget was diverted to the Army and Air Force. This was a decade of pause in the development of the Navy.

The Indian Navy was also unable to grow into a "balanced power" as the British refused to sell submarines, arguing that the Indian personnel were not competent to

handle modern weapons systems. The Soviets, however, stepped in, in 1967 they offered military hardware on easy terms. This included a diesel submarine and surface-to-surface missiles.

In the post-1971 period, defence planners could take a more relaxed view of the land threats following the signing of the Shimla Agreement with Pakistan and the long period of quiet on the Chinese border. The 1971 war also emphasised several home truths. It was not enough to have a navy merely superior to Pakistan's. The arrival of the 'USS Enterprise' in the Bay of Bengal had made clear the role of regional and extra-regional power during wartimes. Besides, during the 1965 confrontation, Indonesia had offered to supply ships to Pakistan. Even Saudi Arabia and Iran were sympathetic to Pakistan.

Two separate high-powered committees headed by Mr D. P. Dhar and Mr P. N. Haksar reviewed the state of the Indian Navy. On their recommendation, long-term naval planning was initiated. Fleet reorganisation had also become imperative as some ships were reaching the stage of block obsolescence. A programme of indigenisation was taken up with the cooperation of the British and the first Leander class vessel was commissioned in 1972. Five more ships were built in subsequent years. Three five-year plans were also approved for the periods 1974-79, 1980-85 and 1985-90.

Modernisation and expansion were taken up in large measure in the eighties because of the unanimous view that threat perceptions had changed. The British-Argentine war over the Falklands gave India a lesson on the need to protect farflung island territories. And then there were the obvious strategic considerations and the need to guard the new oil finds. Within the country, therefore, there are few who question the need to expand naval power.

Indian analysts who do not question the need for expansion, however, have expressed reservations about the kind of acquisitions that are being made. There has been much discussion over the utility of the aircraft carrier in modern warfare, the argument being that such a large ship can be easily attacked by missiles. But the debate about the aircraft carrier's vulnerability is as old as the history of the carrier itself. According to Mr Mohan Guruswamy, the aircraft carriers possessed by India are "a hybrid of paper tiger, white elephant and sitting duck." He argues that instead of "toothless force projection," India should have concentrated on strengthening its forces on the shore and developed a powerful shore-based air arm for the Navy. He also pooh-poohs the indigenous ship-building capability of the Indian Navy, saying we are still toying with old Leander technology which has been phased out long ago by Britain's Royal Navy. He, in fact, wonders why anybody should "feel threatened by this Navy."

Air Commodore Jasjit Singh, however, argues that the 'Vikrant' and 'Virat' are not meant for power projection in the traditional popular sense. He says they provide

protective power on the high seas to safeguard the country's vital interests. He also says land-based air power can provide a crucial and powerful supporting punch within a radius of action, but would lack the staying power of carrier-borne air power. The acquisition of a second aircraft carrier was to fulfill a legitimate need as one carrier each can be deployed in the Arabian Sea and the Bay of Bengal. But even to keep two going, a minimum of three are required. And by the time India can commission a third, the ageing 'Vikrant' will have to be phased out.

The Air Commodore is of the opinion that the 'USS Enterprise' did not intervene in the 1971 war because 'Vikrant' blocked its passage. He says 'Vikrant' could have been easily sunk within two hours by the 'Enterprise' but the latter had to cry off as the cost of intervention for the US task force would have been prohibitive. He says this is what gunboat diplomacy and the exercise of sea power are all about.

Admiral (Retd) Tahiliani also denies that the Indian Navy has any power projection role saying that the aircraft carriers are too small and can only fight a tactical battle at sea. He says they are not large-deck carriers which some nations possess for strategic purposes and which can operate aircraft against shore targets with weapons of mass destruction. Air Commodore Singh argues in support that real power projection means landing on somebody's shore. This would not only need an amphibious capability for the Navy but a huge task force to sustain the attack. India, he explains, has only three or four landing ships which can be used to save, at most, an odd island. Even the number of Sea Harriers, he claims, are inadequate for any operation.

There are any number of arguments for and against aircraft carriers but all experts agree on the need to strengthen the submarine arm. While the aircraft carriers are considered weapons for sea control, submarines are termed weapons of sea denial. The acquisition of a nuclear submarine is even more important because it is technically, economically and operationally a superior weapons system. All the modern navies of the world are going for it. Vice-Admiral (Retd) Mukherjee, who believes that submarines are the core of a balanced navy, explains that these vessels can dive deep and stay there for long periods with limitless endurance. They are noiseless, manoeuvrable at high speeds and have better detection capability, being able to easily spot surface ships.

With its latest acquisitions the Navy has certainly become a better force with multidimensional capabilities. If Indian spokesmen are to be believed, it is still a long way from the flattering image projected by the Western media. Only time will tell which assessment is correct but one thing Indian planners have to be mindful of is that keeping up with technological needs, removing inadequacies and, above all, preventing getting obsolete is a permanent, ongoing exercise.

Type	Strength of the Fleet		Building	Projected
	Active			
Nuclear submarines	1	-	-	-
Patrol submarines	11 (2 reserve)	5	-	4
Attack carriers (medium)	2	-	-	-
Cruisers	0	-	-	3
Destroyers	5	2	-	-
Frigates	21	-	-	3
Corvettes	6	9	-	10
Fast attack craft—missile	13	-	-	-
Fast attack craft—patrol	14	-	-	-
Landing ships	9	1	-	4
LCUs	8	-	-	-
Mine sweepers—ocean	10	2	-	-
Mine sweepers—inshore	10	6	-	-
Survey ships	14	-	-	2
Training ships	1	1	-	-
Submarine tender	1	-	-	-
Submarine rescue ships	1	-	-	2
Replenishment tankers	2	1	-	-
Support tankers	4	-	-	-
Repair ships	1	-	-	-
Tugs	6	-	-	-
Miscellaneous	16	4	-	1
Coast guard	31	10	-	5

[box]

#### Air Bases

Cochin (INS Venduruthy), Dabolim, Vishakapatnam, Port Blair (INS Utkrosh), New construction at Binga Bay (near Karwar to be named (INS Sea Bird) (Completion 1996), Arakkonam (Completion 1989-90), Uchipuli (Tamil Nadu). Naval Air Technology School being expanded and moved to Bangalore, new air base at Ramanathanuram (Gulf of Mannar) commissioned in September 1980.

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### IRAN

**Iran, USSR Sign Shipping Agreement**  
46000030 Tehran ETTELA'AT in Persian  
31 Oct 88 p 2

[Text] London-Islamic Republic News Agency [IRNA]—Iran and the Soviet Union have agreed to joint shipping in the Caspian Sea. With the increase in activity at Iran's northern ports, the volume of licenced imports from Nowshahr and Anzali will increase from half a million tons to one million tons.

The Saturday [? 29 Oct 88?] edition of LLOYDS LIST [a daily newspaper] published from London, stated that implementation of the agreement signed between Iran and the Soviet Union will mark the first time that a ship belonging to the Iranian Shipping Lines will travel the

Caspian Sea between the ports of the two countries. Presently, only Soviet freighters transport freight between the ports of the two countries.

According to the LLOYDS LIST correspondent in Tehran, Iran has ordered two freighters from Bulgaria, which are expected to be ready in 1990. These two ships will be employed in the joint Iran-Soviet shipping venture.

### SRI LANKA

**Opposition Vows To Scrap India-Sri Lanka Pact**  
BK25N154488 Hong Kong AFP in English  
1509 GMT. 25 Nov 88

[Text] Colombo, Nov 25 (AFP) - A main opposition alliance here Friday vowed to scrap an Indo-Sri Lanka peace accord and send back Indian troops from the island if returned to power at the next elections.

The five-party grouping, including the main opposition Sri Lanka Freedom Party (SLFP), said in its manifesto released Friday it would also sever state and economic relations with South Africa and Israel.

"The Indo-Sri Lanka accord shall be abrogated and the Indian Peace Keeping Force (IPKF) will be called upon to leave Sri Lanka," the manifesto said, adding that a commission would be appointed to investigate IPKF operations.



President Junius Jayewardene and Indian Premier Rajiv Gandhi signed the peace pact in July 1987 in a bid to end a bloody Tamil separatist campaign in the island's Tamil-populated north and east.

India has deployed nearly 50,000 troops to supervise the peace pact and secure an arms surrender by Tamil guerrillas in the two regions.

During the height of the Tamil separatist campaign the government requested and secured military advisors

from Israel and allowed the setting up of an Israeli interest section in Colombo in 1985.

The alliance is backing the candidature of SLFP leader and former Premier Sirima Bandaranaike in the December 19 presidential election also contested by the ruling United National Party (UNP) and a minor leftist party.

The alliance also promised to release all political prisoners and lift a state of emergency operating since May 1983, and offered a devolution package to resolve the problems of minorities.

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